

<b>Exhibit Number</b>	:	
<b>Commissioner</b>	:	
<b>ALJ</b>	:	<b>Angela K. Minkin</b>

# **DRA**

**Division of Ratepayer Advocates  
California Public Utilities Commission  
State of California**

## **MONITORING AND EVALUATION REPORT**

**November 1, 2004 through October 31, 2005**

**ON**

**Pacific Gas and Electric Company's  
Core Procurement Incentive Mechanism  
(CPIM Year 12)  
Performance Results**

**Application 96-08-043**

**San Francisco, California**

**February 21, 2007**

## **TABLE OF CONTENTS**

### **Pacific Gas & Electric's CPIM Year 12 (2004-2005) Performance Results**

**A.96-08-043**

#### **CHAPTER**

#### **WITNESS**

1	EXECUTIVE SUMMARY	Jacqueline Greig
2	AUDIT REPORT	William A. Scott
APPENDIX A		William A. Scott

## **CHAPTER 1**

### **EXECUTIVE SUMMARY**

**Jacqueline Greig**

#### **1.1 Summary**

On May 1, 2006, Pacific Gas and Electric Company (PG&E) submitted its Core Procurement Incentive Mechanism (CPIM) Performance Report for the period November 1, 2004 through October 31, 2005 (Year 12). The Division of Ratepayer Advocates (DRA) conducted a comprehensive review, audit, and evaluation of the data submitted by PG&E in its CPIM Report covering Year 12. The details and results of DRA's audit are described in Chapter 2 of this report. DRA's audit of PG&E's CPIM performance report verifies that PG&E's recorded gas costs were below the benchmark, and consequently yielded savings for ratepayers. DRA also confirmed that PG&E's recorded costs were below the lower tolerance band, and therefore would have yielded a reward of \$879,105 for its shareholders. However, Ordering Paragraph 5 of Decision (D.) 05-01-015 states "PG&E's shareholders shall forego any reward for the 2004-2005 CPIM year (Year 12)." Consistent with that decision, PG&E's Report acknowledges that it will forego any reward for CPIM Year 12.

#### **1.2 Background**

The CPIM structure establishes procedures on performance evaluation and reporting for PG&E's gas procurement costs. It sets forth guidelines for standard operating conditions and for special circumstances. The allowed monthly benchmark dollars are totaled over the annual CPIM period and compared to actual costs for the year to determine PG&E's performance. A tolerance band is constructed around the benchmark, and is defined as a range of costs that is considered reasonable. If PG&E's actual gas costs, as measured against the CPIM benchmark are between the upper and lower limit specifications for the tolerance band, there is no shareholder penalty or reward for the CPIM period. If actual costs fall outside the tolerance band,

there will be sharing between ratepayers and PG&E shareholders of the gains or losses that occur outside the tolerance band.

On August 1, 1997, the Commission issued D.97-08-055, which approved the CPIM as set forth in the PG&E/ORA Post-1997 CPIM Agreement and PG&E's Supplemental Report Describing the Post-1997 CPIM, and established the methodology to recover core gas procurement and transportation costs through rates. PG&E's CPIM performance report was filed in compliance with D.97-08-055 and covers the annual period of November 1, 2004 through October 31, 2005. In accordance with the PG&E/ORA Post-1997 Agreement, DRA submits this report which contains the annual review, evaluation and audit of the CPIM results for Year 12.

In December 1998, ORA and PG&E entered into a Memorandum of Understanding (MOU), which addressed certain procedural and implementation details associated with the CPIM.<sup>1</sup> The Commission has since issued various decisions extending and/or modifying the CPIM. In D.02-08-070 (Gas Accord II), the Commission extended the CPIM through 2004, while D.03-12-061 extended the CPIM through 2005, or until a revised CPIM was adopted by the Commission. D.04-01-047 (decision on El Paso Turnback Capacity R.02-06-041, Phase II) adopted both a Stipulation and Agreement between PG&E and DRA and a Stipulation and Agreement between The Utility Reform Network (TURN) and PG&E addressing certain modifications to the CPIM highlighted below:<sup>2</sup>

- Commencing July 2003, Transwestern capacity costs are considered reasonable and are fully recoverable in rates.
- Firm transportation capacity on El Paso is fully recoverable in rates.
- Sharing of savings below the 1% tolerance band was modified to 75% ratepayers and 25% shareholders. (Sharing of costs above the 2% tolerance band remains at 50%/50%.)

---

<sup>1</sup> The agreement primarily clarifies issues related to: 1) the conversion factor for interstate capacity; 2) the storage injection and withdrawal profile; 3) the mismatch of interstate and intrastate capacity at Malin; and 4) the Canadian / U.S. exchange rate.

<sup>2</sup> PG&E included both the TURN and DRA Stipulations as Attachments A and B, respectively, to its Year 10 CPIM Report.

- The annual PG&E shareholder award will be capped at the lower of 1.5% of total annual commodity costs or \$25 million.
- PG&E is authorized to engage in sales of natural gas within California (citygate sales), consistent with its ability to sell gas outside of the state or at the California border.
- PG&E and ORA will meet at least annually to discuss the need for additional capacity acquisition for future CPIM periods.
- Revisions to the sequencing methodology were made to reflect the full integration of Transwestern and El Paso capacity.
- Revenues from brokered interstate and intrastate transportation capacity will be used to directly offset core gas costs under the CPIM.
- The CPIM winter withdrawal schedule (November-March) will be based on the November 1 storage inventory allocated to the bundled core customers (33.5 MMDth adjusted for any allocation of storage to the Core Transport Agents) minus 2.5 MMDth. PG&E's obligation to fill storage for the winter remains unchanged.

With the exception of the Transwestern costs as noted above, the Stipulation modifications were effective beginning on November 1, 2002 (Year 10).

Most recently, in D.05-10-015 and D.06-08-027 the Commission approved changes to the treatment of winter gas hedging costs for CPIM Years 13 and 14 (winters of 2005/2006 and 2006/2007, respectively.) D.05-10-015 approved PG&E's hedging plan and the related removal of the hedging expenses from the CPIM in Year 13. Consistent with PG&E's proposal, D.05-10-015 also orders that "PG&E's shareholders shall forego any reward for the 2004-2005 CPIM Year (Year 12)." (D.05-10-015 Ordering Paragraph 5).

### **1.3 Procurement, Sales and Financial Hedging Activities**

During this review period PG&E's actual gas purchase costs (including commodity, transportation, and storage) totaled \$2,174,686,238 for 303,898,813 MMBtus (net of sales), which were comprised of approximately 71% Canadian

purchases, 32% Southwest purchases, -5% city-gate (net sales), 2% Rocky Mountain gas, and less than 1% California production.<sup>3</sup>

PG&E utilizes gas sales to help manage assets and reduce gas costs. It sells gas supplies to comply with daily pipeline balancing requirements, to respond to changeable core loads, and to capture price arbitrage opportunities. PG&E's total gas sales of \$233,507,250 for 32,578,845 MMBtus were comprised primarily of 88% sales at the city-gate, 8% Canadian sales, 4% at El Paso points, and less than 1% at Transwestern points.

In CPIM Year 12, PG&E engaged in financial hedging activities, within the CPIM, comprised of options and swaps. In aggregate, PG&E's CPIM-related financial hedging transactions in Year 12 resulted in a net cost of \$8,171,124.

#### **1.4 Storage**

Under the CPIM, PG&E has a daily injection and withdrawal schedule. Typically, PG&E deviates from daily benchmark injections and withdrawals due to operational/reliability needs or to capture temporal arbitrage opportunities. During this CPIM period the actual storage inventory injections were 30,464,587 MMBtus and storage withdrawals were 30,333,953 MMBtus, consistent with the withdrawal and injection profile for the storage component of the benchmark associated with the core reservation of 33.5 MMDth of inventory.

The most recent CPIM Stipulation adopted in D.04-01-047 included an adjustment to the winter withdrawal schedule (November-March) of 2.5 MMDth. The November 1 storage inventory allocated to bundled core customers (33.5 MMDth) is reduced by 2.5 MMDth for purposes of the winter withdrawal schedule. PG&E's obligation to fill core storage for the winter remains unchanged. This adjustment results in reduced withdrawals for purposes of the benchmark calculation, with the outcome being a higher benchmark (due to a higher modified determined usage net of withdrawals), which in turn increases the opportunity for shareholder rewards. In a proposed settlement agreement filed in PG&E's Application (A.) 06-05-007 (Long-

---

<sup>3</sup> Percentages are based on gross purchases as reflected in Exhibit A-2-2.

Term Core Hedge Program) docket, currently before the Commission, this storage adjustment would be removed from the CPIM.<sup>4</sup>

### **1.5 Core Intrastate Capacity**

Pursuant to the Gas Accord, PG&E's Core Gas Procurement Department holds a firm reservation of intrastate backbone pipeline capacity. When the core market does not need this capacity, it can be brokered to generate revenues for core customers. The CPIM provides an incentive for the Core Procurement Department of PG&E to broker unneeded core capacity. Since these revenues flow through the CPIM to reduce total gas costs, shareholders can benefit to the extent that gas costs are below the lower tolerance band.

Although the CPIM provides PG&E's Core Gas Procurement Department with an incentive to broker any excess core intrastate backbone capacity, this capacity can compete with capacity marketed by PG&E California Gas Transmission (CGT) Department. The Commission identified the potential corporate conflict of interest associated with brokering intrastate capacity. In D.97-08-055 (Ordering Paragraph #6), the Commission stated that PG&E should not favor shareholder interests at the expense of core customer interest in the execution of the adopted CPIM. In D.98-06-073, the Commission directed PG&E to abide by its assurances that PG&E's core procurement department will attempt to broker excess intrastate core capacity if that results in lower overall cost of gas to the core and to exercise due diligence in brokering excess core capacity.

PG&E provided DRA with monthly summaries regarding capacity volumes and revenues associated with the brokering of intrastate backbone pipeline capacity. PG&E brokered firm core capacity on the Baja, Redwood and Silverado paths during the CPIM Year 12. PG&E's Core Gas Procurement Department generated \$1,584,436 in revenue from brokering its firm intrastate backbone capacity.<sup>5</sup> This revenue served to reduce total core gas procurement costs. In conjunction with its

---

<sup>4</sup> Section 6.1.3 of the Settlement Agreement, Appendix A to Motion for Approval of Settlement Agreement dated December 20, 2006.

<sup>5</sup> DRA Exhibit A-4-9.

annual CPIM audit, DRA will continue to review PG&E Core Gas Procurement Department's management and brokering of its firm intrastate backbone capacity.

## **1.6 Core Interstate Capacity**

PG&E holds interstate capacity for the core on Transcanada NOVA (Nova), Transcanada BC System (BC System), Transcanada Gas Transmission Northwest (GTN), El Paso Natural Gas Company (El Paso), and Transwestern Pipeline Company (TW). During CPIM Year 12, PG&E's core interstate capacity holdings were approximately 610 MDth/d on GTN, 204 MDth/d on EP, and 150 MDth/d on TW.<sup>6</sup>

Pursuant to the interstate capacity contract approval procedure adopted by the Commission in D.04-09-022, PG&E has the ability to seek pre-approval and expedited advice letter treatment for interstate capacity contracts that meet specified criteria. Before going forward with the pre-approval or expedited approval process for interstate capacity commitments, PG&E must consult with DRA, The Utility Reform Network (TURN) and the Energy Division (ED) and obtain agreement from DRA.

In accordance with the Post-1997 CPIM and the more recent adopted CPIM Stipulation, PG&E is authorized to include revenues from brokered interstate and intrastate transportation capacity to directly offset core gas costs under the CPIM.<sup>7</sup> During CPIM Year 12, PG&E's gross brokered revenue associated with core interstate capacity holdings was \$5,991,059.<sup>8</sup> PG&E's brokered revenue associated with interstate capacity was \$11.3 million in Year 11, \$8.2 million in Year 10, and \$2.3 million in Year 9.

## **1.7 Comparison of CPIM Year 12 to Year 11 and Year 10**

Table 1-1 below compares the actual costs of natural gas (including transportation and storage costs) in total dollars as well as per MMBtu for CPIM Year 12 and the prior two years, as confirmed by DRA's Chapter 2 audit reports.

---

<sup>6</sup> See DRA workpaper Exhibit A-12.

<sup>7</sup> Stipulation Bullet 11.

<sup>8</sup> DRA Exhibit A-4-9 and Table 2-9.



**Table 1-1<sup>9</sup>**  
**Gas Cost Comparison**

	<b><u>CPIM Year 12</u></b>	<b><u>CPIM Year 11</u></b>	<b><u>CPIM Year 10</u></b>
<b>Actual Gas Cost</b>	\$2,174,686,238	\$1,682,490,119	\$1,524,349,558
<b>Benchmark Gas Cost</b>	\$2,197,925,594	\$1,700,105,679	\$1,563,626,716
<b>Customer Savings</b>	\$23,239,356	\$17,615,560	\$39,277,158
<b>Shareholder Reward</b>	0 <sup>10</sup>	\$679,877	\$6,385,791
<b>Average Actual Gas Cost</b>	\$7.16	\$5.41	\$5.25
<b>Average Benchmark Cost</b>	\$7.23	\$5.46	\$5.38

## 1.8 Future CPIM Modifications

On December 20, 2006, a Settlement Agreement was filed in A.06-05-007 for Commission review and approval that would establish a long-term hedging program, on behalf of PG&E's core gas procurement customers. The signatories to the Settlement are PG&E, DRA, The Utility Reform Network (TURN) and Aglet Consumer Alliance (Aglet). As part of the Settlement, PG&E and DRA also agreed to certain modifications to the CPIM which if approved would be effective beginning CPIM Year 15 (2007/2008). The modifications are intended to adjust the balance between shareholder and customer benefits, in light of the fact that under the Settlement, PG&E's portfolio hedging activities will be conducted outside the CPIM.

The proposed modifications under the settlement are the following:

- A 20/80 shareholder/ratepayer sharing of savings below the tolerance band, in contrast to the current 25/75 shareholder/ratepayer sharing.

---

<sup>9</sup> Net Volumes in CPIM Year 12, 11, and 10 were 303,898,813 MMBtus, 311,165,985 MMBtus, and 290,437,317 MMBtus, respectively. (DRA Monitoring and Evaluation Reports CPIM Year 12 Table 2-3, Year 11 Table 2-3, Year 10, Table 2-3.)

<sup>10</sup> The CPIM calculations result in a shareholder reward of \$879,105 for Year 12. However, PG&E will forego its reward for CPIM Year 12 pursuant to D.05-10-015, as discussed in this report.

- The current 2.5 Bcf of unsequenced storage withdrawal adjustment will be eliminated, i.e. re-included proportionately in the storage withdrawal sequence.
- A firm block of 100 Mdth from the San Juan basin and 100 Mdth from AECO will be the first gas sequenced.
- 5% of the savings from full tariff rates on any pipeline or storage contracts negotiated (including renewals of existing capacity) on behalf of core customers will be used to offset gas costs in CPIM.
- Daily swing purchases that are currently valued in the benchmark calculation using the NGI daily Topock index plus as-available will be switched to the NGI daily PG&E Citygate index.
- If storage is acquired via the Incremental Storage Capacity Request for Offers (RFO), then the daily benchmark sequence will be adjusted to accommodate the incremental storage injection and withdrawal in a manner that provides all costs and benefits to Core customers.

If the Settlement is approved, DRA will address the modifications in future annual CPIM reports to ensure that the CPIM calculations reflect these changes.

## **1.9 Conclusion**

DRA agrees with PG&E that the CPIM calculations would ordinarily result in a shareholder reward of \$879,105. However, the Commission ordered that PG&E forego any reward for Year 12, in accordance with PG&E's proposal adopted in the Commission's emergency gas hedging D.05-10-015. Consequently, there is no shareholder reward for Year 12.

## **CHAPTER 2**

### **AUDIT REPORT**

**William A. Scott**

#### **2.1 Audit Scope and Program**

Pacific Gas and Electric Company (PG&E) filed its natural gas Core Procurement Incentive Mechanism (CPIM) Performance Annual Report (Report) on May 1, 2006, under Application 96-08-043. PG&E's Report addresses CPIM Year 12, the period from November 1, 2004 through October 31, 2005.

This filing requirement is in compliance with the Gas Accord Decision (D.) 97-08-055, dated August 1, 1997, which approved the CPIM method for PG&E's recovery of core gas procurement and transportation costs. On August 22, 2002, the Commission issued D. 02-08-070 (Gas Accord II Decision), extending the initial Gas Accord market structure including the CPIM, through 2003. On December 18, 2003, the Commission issued D. 03-12-061, extending the CPIM through Year 2006, or until a revised CPIM is adopted by the Commission. The most recent modifications to the CPIM were adopted by the Commission in D.04-01-047, accommodating additional pipeline capacity and addressing other modifications as agreed to by the DRA, the Utility Reform Network (TURN) and PG&E.<sup>11</sup> The Commission's Gas Accord III D.04-12-050 extended the entire Gas Accord, including CPIM provisions, through 2007. Core portfolio cost recovery is to be consistent with the PG&E/DRA Post-1997 CPIM Agreement dated October 16, 1996 (Post-1997 CPIM Agreement), PG&E's Supplemental Report Describing the Post-1997 CPIM, dated October 18, 1996 (Supplemental Report), filed in Application (A.96-08-043 and approved in D.97-08-055, and the Memorandum of Understanding (DRA/PG&E MOU), addressing certain

---

<sup>11</sup> The Commission adopted changes to utilities' gas cost incentive mechanisms to accommodate pre-existing and newly acquired interstate capacity by utilities in compliance with D.02-07-037. The Commission also adopted the stipulations between PG&E, DRA, and TURN regarding specific modifications to the CPIM.

procedural details (attached as Appendix A, in PG&E's annual CPIM performance report submitted January 15, 1999).

DRA's compliance audit addressed the PG&E CPIM Report Year 12, its summary of benchmark prices, and actual costs reported for the period November 1, 2004 through October 31, 2005 by PG&E in its annual report filed August 31, 2006. DRA reviewed the following publications used in the development of the commodity benchmarks: *Canadian Natural Gas Prices*, *Natural Gas Intelligence*, and *Natural Gas Week*. DRA found that PG&E's gas procurement CPIM calculations reflected the proper indices and were computed accurately.

DRA's audit verification procedures were performed on a random sample basis for the gas cost year November 1, 2004 through October 31, 2005. DRA examined and reconciled all gas commodity costs, volumetric transportation expenses, and transportation reservation charges that were recorded in the CPIM Year 12 period. DRA verified all changes that occurred between the detail and summary reports.

PG&E's reported actual costs were comprised of natural gas commodity costs of \$1,954,478,728 and actual demand charges of \$220,207,510. The total actual costs of natural gas were \$2,174,686,238. The benchmark market cost of gas was confirmed as \$2,197,925,594. The upper limit tolerance band (benchmark + 2.0% of commodity benchmark) was \$2,237, 371, 465. The lower limit tolerance band (benchmark minus 1.0% of commodity benchmark) was \$2,178,202, 658. The difference between the lower limit tolerance band of \$2,178,202,658 and the actual gas costs of \$2,174,686,238 represents a shared savings of \$3,516,420 for the results of natural gas operations for the natural gas year beginning from November 1, 2004 and ending October 31, 2005.

Under the new provisions of the most recent modifications to the PG&E Gas Accord Application 96-08-043 adopted by the Commission in D.04-01-047, PG&E is eligible for an award of 25% of the shared savings, (\$3,516,420 \*25%, the amount under the lower limit deadband.) DRA has confirmed PG&E's Table II calculation of a Year 12 shareholder reward of \$879,105. However, in accordance with the Commission's emergency gas hedging D.05-10-015 (discussed in Chapter 1), PG&E must forego its shareholder award for CPIM Year 12.

DRA reports the overview and reward calculations, including the CPIM Year 12 reward exception as follows:

**TABLE 2-1**  
**Savings and Reward Calculation**  
**CPIM Year 12**  
**November 1, 2004 Through October 31, 2005**

	<b>\$</b>	
Upper Tolerance Band-Benchmark + 2.0% of Commodity		2,237,371,465
Benchmark Market Costs-CPIM Year-12		2,197,925,594
Lower Tolerance Band Benchmark - 1.0% of commodity		2,178,202,658
Actual Natural Gas Costs - CPIM Year-12		2,174,686,238
Benchmark Commodity Costs-CPIM Year-12		1,972,293,561
Market Benchmark Less Actual Costs		23,239,356
Lower Tolerance Band at 1% of Benchmark Commodity Costs		19,722,936
Ratepayer Savings (@ 0 - 1%) 100%		19,722,936
Actual Costs Under 1% Lower Tolerance band		3,516,420
Ratepayer Savings of 1+ (@ 75%).		2,637,315
Shareholder Reward of 1+ (@25%).		879,105

PG&E  
Table II  
Overview

## 2.2 Benchmark Commodity and Demand Charges

The CPIM benchmark costs based on published indices were verified as \$1,972,293,561 for natural gas market commodity costs at PG&E's Citygate. Benchmark costs for pipeline demand charges were verified as \$225,632,033. The total benchmark costs, including both commodity and demand costs, for CPIM Year 12 were \$2,197,925,594. These costs are reported by component in DRA Table 2-2 and Exhibit A-3-5.

The "upper limit" tolerance band of the benchmark, \$2,237,371,465, is calculated by adding 2.0% of the commodity benchmark to the market benchmark of \$1,972,293,561. The upper limit components are: a) benchmark commodity costs, \$1,972,293,561 b) benchmark demand charges, \$225,632,033 and c) 2.0% of benchmark commodity costs or \$39,445,871.

The "lower limit" tolerance band of is calculated by subtracting 1% from the benchmark commodity costs of \$1,972,293,561. This amounts to a total lower limit

tolerance band of \$2,178,202,658 comprised of the following: a) benchmark commodity costs, \$1,972,293,561; b) benchmark demand charges, \$225,632,033; and c) minus 1.0% of benchmark commodity costs or \$(19,722,936). DRA's calculation of the CPIM Year 12 tolerance band is reported in Exhibit A-1.

Table 2-2 and Exhibits A-1 and A-3-5 show the summary of the benchmark commodity and demand charge costs for CPIM Year 12.

TABLE 2-2	
Benchmark Cost Components	
CPIM Year-12	
November 2004 - October 2005	
<b>Benchmark Market Commodity:</b>	
California Firm	\$ 12,535,154
Kingsgate	57,032,200
San Juan	335,834,017
AECO	1,359,176,561
Topock Firm	93,357,096
Permian	19,750,938
Topock-As Available	94,648,208
Sub-total:	1,972,334,174
EPNG Pipeline Credit	(40,613)
<b>Benchmark Commodity Components:</b>	<b>1,972,293,561</b>
<b>Pipeline Demand Charges</b>	
Trans-Canada BC System	\$ 11,839,302
California Gas Transmission	86,450,665
El Paso Natural Gas Company	19,949,353
Nova Gas Transmission, Ltd.	28,720,064
Gas Transmission Northwest Corp.	56,644,924
Transwestern Pipeline Company	22,027,725
<b>Demand Charge Cost Components:</b>	<b>\$ 225,632,033</b>
<b>Benchmark Cost Components:</b>	<b>\$ 2,197,925,594</b>

## 2.2 Actual Natural Gas Costs CPIM Year 12

DRA confirmed the actual cost of all commodity purchases and demand charges reported by PG&E. The interstate and California intrastate net cost of commodity purchases was \$1,954,478,728. The interstate and California intrastate actual demand charges as reported in PG&E's Annual CPIM Performance Report for CPIM Year 12 were \$220,207,510. The demand charges include intrastate and interstate demand charges for Trans-Canada-B.C. System, California Gas Transmission, El Paso Natural Gas Company, Nova Gas Transmission, Ltd., Gas

Transmission Northwest Corporation, and Transwestern Pipeline Company, net of brokering revenue.<sup>12</sup>

DRA Table 2-3 and Exhibits A-2-6 confirm the details of actual gas cost and demand charges for Year 12, the period under review. DRA confirmed the total actual gas costs reported in PG&E's annual report as \$2,174,686,238 for CPIM Year 12.

TABLE 2-3  
Actual Gas Costs-CPIM Year-12  
November 1, 2004 Through October 31, 2005

Commodity Costs and Revenues	Volumes	\$'s
Commodity Purchase Volumes:	336,477,658	
Baja Path		646,786,139
Mission Path		100,098,441
Redwood Path		1,410,404,950
Silverado Path		129,910
Financial Option Premiums		9,233,774
Financial Options & F/F Settlements		(1,062,650)
Miscellaneous Costs & Credits		342,991
El Paso Transport Reimbursement Credit		(40,613)
Volumetric Transport Costs		22,093,036
Commodity Sales	(32,578,845)	(233,507,250)
<b>Actual Commodity Costs-CPIM Year-12</b>	<b>303,898,813</b>	<b>\$ 1,954,478,728</b>
<b>Demand charges (Less Brokering Revenues)</b>		
Trans-Canada BC System	\$	11,970,542
California Gas Transmission		85,462,060
El Paso Natural Gas Company		19,172,987
Nova Gas Transmission Ltd.		28,066,905
Gas Transmission Northwest Corp.		54,997,481
Transwestern Pipeline Company		20,537,535
<b>Actual Demand Charges</b>	<b>\$</b>	<b>220,207,510</b>
<b>Actual Gas Costs - CPIM Year-12</b>	<b>303,898,813</b>	<b>\$ 2,174,686,238</b>

<sup>12</sup> Effective July 1, 2003 and in accordance with the Stipulations approved in D.04-01-047, Transwestern reservation costs are fully recoverable through the CPIM.

## 2.4 Storage Costs

In accordance with PG&E's CPIM, a monthly distribution of winter storage withdrawals and summer storage injections is used in the calculation of the monthly benchmark purchase volumes. These monthly benchmark distributions are allocated evenly over each day of the month. PG&E often deviates from the daily benchmark distributions in order to balance portfolio supplies with changeable core loads, to comply with interstate and intrastate pipeline tolerances and balancing rules, to conserve gas in storage for peaking needs and to capture arbitrage opportunities.

DRA's audit workpaper Exhibit A-5 confirms that the current fixed benchmark storage costs and the actual storage charges paid to California Gas Transmission (CGT) were \$40,652,573 for the CPIM Year 12 beginning November 1, 2004 and ending October 31, 2005.

The storage cost component of the benchmark includes the storage reservation costs at the as-billed rate for (i) 33.5 MMdth of inventory, (ii) 95 to 213 Mdth of injection, and (iii) 970 to 1,253 Mdth of withdrawal capacity, (iv) adjusted for core aggregation. Volumetric charges are also included at the tariff rate.<sup>13</sup> As indicated on Page 6 of PG&E's Year 12 Annual Report, DRA workpaper Exhibit A-17 summarizes the on-going physical inventories at the beginning and ending of natural gas years 9, 10, 11 and 12. The PG&E confirmed storage inventory at November 1, 2004 was 33,149,956 MMBtus. The confirmed storage inventory at October 31, 2005 was 33,280,590 MMBtus. These balances are consistent with the required inventory levels of 33.5 MMdths. Benchmark fixed storage costs for CPIM Year 12 were \$40,652,573. The storage costs are reported in the benchmark and actual demand charge section of the CPIM starting with November 2004.<sup>14</sup>

---

<sup>13</sup> The actual ratemaking treatment of the core storage reservation provides for a fully bundled cost with no variable charge. However, for CPIM calculation purposes, a variable storage cost has been assumed in order to provide an appropriate economic incentive to use storage services efficiently.

<sup>14</sup> Prior to November 2004, the benchmark and actual volumetric storage costs were reported in the commodity section of the CPIM.



## **2.5 General Ledger - Purchase Gas Account (PGA)**

PG&E provided DRA with its reconciliation of the Purchase Gas Cost Balancing Account (PGA) between its CPIM Year 12 and the actual cost detail in the PG&E General Ledger for the same period. The monthly closing of books of PG&E's Corporate Accounting Department for balancing of the PGA and the Core Fixed Cost Account (CFCA) takes approximately two months. DRA's audit Exhibit A-15 confirmed PG&E's net commodity costs of \$1,954,478,731 and supports PG&E's Table II overview report of natural gas net purchases.

PG&E's Corporate Accounting estimates the balancing accounts until the final closing of actual purchases and costs are reconciled between the Gas Department's detailed work papers and general ledger balancing accounts. DRA Table 2-4 and Exhibit A-15, show the components of the commodity gas costs and general ledger entries for the PGA for CPIM Year 12 (2004-2005). The timing difference for CPIM Year 12 and the PGA Balancing Account was \$477,685.

**TABLE 2-4**  
**CPIM Year-12**  
**Reconciliation: CPIM Year-12 to PGA Balance Account**

<b>CPIM Costs</b>	<b>Commodity</b>	<b>Volumetric</b>	<b>Deduct</b>	<b>Add</b>	<b>CPIM</b>
<b>Commodity Purchases:</b>	<b>Purchase</b>	<b>Transport</b>	<b>October 2004</b>	<b>October 2005</b>	<b>Year-12</b>
<b>EPNG, Kern River, Transwestern</b>					
Basin:	\$ 507,002,912	\$ 1,607,541	\$ -	\$ -	\$ 508,610,453
Transmission Line	131,103,300	8,142,664	-	-	139,245,964
GTNC & NGTL (Redwood Path)					
Transmission Line	1,390,783,564	12,354,719	-	-	1,403,138,283
Citygate (Mission Path)	(105,106,781)	(12,600)	-	-	(105,119,381)
California Producers	128,998	912	-	-	129,910
Miscellaneous Costs (Credits)	342,991	(40,613)	-	-	302,378
Fixed & Floating Swaps:	(1,062,650)	-	-	-	(1,062,650)
Option Premiums	9,233,774	-	-	-	9,233,774
Round:				(3)	(3)
<b>Commodity Costs Year-12</b>	<b>\$ 1,932,426,108</b>	<b>22,052,623</b>	<b>\$ -</b>	<b>\$ (3)</b>	<b>\$ 1,954,478,728</b>
<b>S &amp; P Journal Entries:</b>					
Account 5500000	\$ 136,422	\$ -	\$ (662)	\$ (6,760)	\$ 129,000
Account 5500010	508,705,352	-	(530,186)	150	508,175,316
Account 5500021	1,524,048,036	-	(3,323,709)	(80,979)	1,520,643,348
Account 5500041	(105,146,453)	-	(672,465)	1,137,730	(104,681,188)
Account 5500095	-	-	-	-	-
Account 5500055	-	22,052,766	786	(7,971)	22,045,581
Account 5500056	-	(11,677)	11,677	-	-
A/C 5500033-Oct 2004 Options	7,681,890				7,681,890
A/C 5500033-Nov.2004 Options	1,551,883				1,551,883
A/C 5500034 F&F Options	(1,062,650)				(1,062,650)
Demand Fees (2)	(269,000)				(269,000)
A/C 5500010 Prior Period Adj.	742,236				742,236
Round:					(3)
<b>PGA Balance Account:</b>	<b>\$ 1,936,387,716</b>	<b>\$ 22,041,089</b>	<b>\$ (4,514,559)</b>	<b>\$ 1,042,170</b>	<b>\$ 1,954,956,413</b>
<b>Option Costs not CPIM:</b>					
Timing Difference:	\$ 3,961,608	\$ 11,534	\$ 4,514,559	\$ (1,042,170)	\$ 477,685

## 2.6 General Ledger - Core Fixed Cost Account (CFCA) Reconciliation

The Core-Fixed-Cost Account (CFCA) reconciliation provided to DRA by the PG&E Gas Procurement Department for CPIM-related costs during the gas year ending October 31, 2005 was confirmed by DRA to be \$219,978,494.

The monthly closing of books by PG&E's Corporate Accounting Department for balancing of the PGA and the CFCA takes approximately 2 months, or 60 days. Corporate Accounting currently applies estimates into the balancing accounts until the

final closing of actual purchases and costs are reconciled between Gas Department detailed work papers and general ledger balancing account entries. DRA Table 2-5 and Exhibit A-16 show the components of the CFCA balancing account for CPIM Year 12 and the related timing differences in this account. The timing difference between CPIM Year 12 and the CFCA balancing account for the period ending October 31, 2005 is \$229,016.

**TABLE 2-5**  
**Core-Fixed Cost Expense Reconciliation - CPIM Year-12**  
**CPDCA Demand Account/ CPIM Year 12**  
**November 1, 2004 through October 31, 2005**

2004-2005	Demand	Add Back	Subtract	Total
Demand Charge Pipeline	Charges Per CPIM	Oct-04 True-up	Oct-05 True-up	CPIM-12
Trans-Canada B.C. System	\$ 11,970,542			\$ 11,970,542
California Gas Transmission	85,462,060			85,462,060
El Paso Natural Gas Company	19,172,987			19,172,987
Nova Gas Transmission, Ltd.	28,066,905			28,066,905
Gas Transmission Northwest Corp.	54,997,481			54,997,481
Transwestern Pipeline Company	20,537,535			20,537,535
<b>Total Demand Charges:</b>	<b>\$ 220,207,510</b>			<b>\$ 220,207,510</b>
<b>SAP Journal Entries</b>				
Account 5500065	\$ 179,178,046	\$ 197,552	\$ (309,317)	\$ 179,066,281
Account 5500066	(23,042)	1,063	-	(21,979)
Account 5500067 Firm Storage Cost	40,683,373	-	-	40,683,373
Account 5500065 Prior Period Adj:	250,819	-	-	250,819
<b>Total CPDCA</b>	<b>\$ 220,089,196</b>	<b>\$ 198,615</b>	<b>\$ (309,317)</b>	<b>\$ 219,978,494</b>
<b>Timing Difference:</b>	<b>\$ 118,314</b>	<b>\$ 198,615</b>	<b>\$ (309,317)</b>	<b>\$ 229,016</b>

## 2.7 U.S. Canadian Foreign Exchange Transactions

DRA and PG&E have agreed to the Canadian exchange rate used in the calculation of CPIM benchmark components in Canadian dollars at the actual exchange rate that PG&E is able to receive in the marketplace when it purchases Canadian dollars to pay Canadian suppliers. DRA verified the accounts payable from

various Canadian suppliers and treasury department foreign exchange wire transfer function for the purchase of natural gas in Canadian dollars from various Canadian supplies during CPIM Year 12 on a random sample basis.

## **2.8 Miscellaneous Costs and Revenues**

PG&E provided DRA with the detail of its miscellaneous costs and credits. These costs and credits are comprised of the following: PG&E's paid broker fees of \$72,191, capacity demand fees of \$240,000, negotiated storage charges of \$30,800, and El Paso Natural Gas Reimbursement credits of \$(40, 613). The total miscellaneous costs and credits reported for CPIM Year were \$302,378 and are consistent with the costs reported in prior years by PG&E CPIM miscellaneous costs and credit reports. These actual costs and calculations were verified in the PG&E workpaper files from the PG&E Gas Department and were reconciled with the general ledger.

DRA's Table 2-6 and workpaper Exhibit A-2-8 show the monthly summary of miscellaneous costs of \$342,991 less El Paso Pipeline credits of \$ (40,613) or net miscellaneous costs of \$302,378 for CPIM Year 12 .

TABLE 2-6  
Summary of Miscellaneous Costs and Credits  
CPIM Year-12  
November 2004 through October 2005

Month Year 2004-2005	Broker Fees	Demand Fees	EPNG Transportation Reimbursement Credit	Negotiated Storage Charges	Total Miscellaneous Costs (Credits)
Nov-04	\$ 9,221	\$ 240,000	\$ (15,146)	\$ 10,500	\$ 244,575
Dec-04	8,278	-	(427)	-	7,851
Jan-05	5,067	-	(718)	-	4,349
Feb-05	7,003	-	(237)	-	6,766
Mar-05	4,672	-	(9,299)	-	(4,627)
Apr-05	4,687	-	(1,433)	4,000	7,254
May-05	9,006	-	(3,031)	16,300	22,275
Jun-05	4,186	-	(2,200)	-	1,986
Jul-05	4,969	-	(944)	-	4,025
Aug-05	3,584	-	(1,541)	-	2,043
Sep-05	4,772	-	(5,637)	-	(865)
Oct-05	6,746	-	-	-	6,746
Totals	\$ 72,191	\$ 240,000	\$ (40,613)	\$ 30,800	\$ 302,378

## 2.9 Financial Swaps, Options and Settlements

PG&E reported \$8,171,124 in financial option and settlement costs in the CPIM Year 12 incentive program. These costs are comprised of Option Premiums of \$9,233,774 and Option-Swap Settlements of \$(1,062,650). DRA Exhibit A-2-9 series shows the detail of options and swaps transactions during CPIM Year 12. DRA Table 2-7 shows a summary of the financial swaps and options during CPIM Year 12. DRA will report PG&E's derivatives, investments in options, swaps and hedges both within the CPIM and excluded from the CPIM, as they reconcile with PG&E's Purchase Gas Balancing Account for each applicable natural gas year.

**TABLE 2-7**  
**Summary of Options Premiums and Settlements In CPIM**  
**CPIM Year-12**  
**November 2004 - October 2005**

Month Year	Option Premiums	Option-Swap Settlements	Total Derviatives
<b>2004-2005</b>			
Nov-04	\$ -	\$ -	\$ -
Dec-04	\$ 2,817,498		\$ 2,817,498
Jan-05	2,817,498		2,817,498
Feb-05	2,817,498		2,817,498
Mar-05	781,280	(1,062,650)	(281,370)
Apr-05	-		
May-05	-		
Jun-05	-		
Jul-05	-		
Aug-05	-		
Sep-05	-		
Oct-05	-		
<b>Totals:</b>	<b>\$ 9,233,774</b>	<b>\$ (1,062,650)</b>	<b>\$ 8,171,124</b>

## 2.10 Sales Transactions

PG&E reported total sales of \$233,507,250 based on reported volumes of 32,578,845 MMBtus for the CPIM Year 12. The sales were reported and confirmed by DRA as follows: sales at CGT Citygate of \$205,217,824, EPNG Basin \$5,426,262, EPNG-Topock \$1,110,037, NGTL-AECO/NIT \$17,543,233, GTNC-All \$3,973,802, Transwestern Basin \$96,850, and Transwestern-Needles \$139,242. DRA's workpaper Exhibits A-2-3, A-2-4, A-2-10 and Table 2-8 show the detailed summaries of volumes and dollars by pipeline sales-point for CPIM Year 12 .

**TABLE 2-8**  
**Summary of Actual Commodity Sales CPIM Year-12**  
**November 1, 2004 Through October 31, 2005**

CGT-City-gate	\$	205,217,824
EPNG-Basin		5,426,262
EPNG-Topock		1,110,037
NGTL-AECO/NIT		17,543,233
GTNC-ALL		3,973,802
Transwestern-Basin		96,850
Transwestern-Needles		139,242
<b>Total Sales-GCIM Year-12</b>	<b>\$</b>	<b>233,507,250</b>

## **2.11 Summary of Brokered Revenue Credits**

PG&E provided the detail of all brokered revenue credits for CPIM Year 12 by pipeline source. The details confirmed by DRA are as follows: CGT-Silverado \$138,394, CGT-Redwood \$700,162, CGT-Baja \$745,880, Nova Gas Transmission Ltd. \$1,705,348, El Paso Natural Gas \$776,366, Trans-Canada B.C. System \$371,712, Gas Transmission Northwest Corporation \$1,647,443, and Transwestern Pipeline Company \$1,490,190. The total brokered revenue credits for CPIM Year 12 were \$7,575,495. The offsetting discount capacity release payments to California Gas Transmission and Nova Gas Transmission, Ltd were \$625,452. The net brokered revenues after the offset discount capacity release for CPIM Year 12 were \$6,950,043.

Under CPIM rules, the revenues received from brokering revenue offset the cost of gas supplies. Table 2-9 and Exhibits A-12 show the summary of pipeline-brokered revenues for CPIM Year 12.

TABLE 2-9  
Reconciliation of Brokered Revenue & Discount Capacity Release  
CPIM Year-12  
November 1, 2004 through October 31, 2005

Pipeline Path:	Brokered	Discount	Net
CPIM-Year-12	Revenues	Capacity Release	Brokered Revenues
CGT-Silverado	\$ (138,394)	\$ 36,194	\$ (102,200)
CGT-Redwood	(700,162)	-	(700,162)
CGT-Baja	(745,880)	559,637	(186,243)
Nova Gas Transmission, Ltd.	(1,705,348)	29,621	(1,675,727)
El Paso Natural Gas Co.	(776,366)		(776,366)
Trans-Canada BC System	(371,712)	-	(371,712)
Gas Transmission Northwest Corporation	(1,647,443)	-	(1,647,443)
Trans-Western Pipeline Co.	(1,490,190)	-	(1,490,190)
Totals:	<u>\$ (7,575,495)</u>	<u>\$ 625,452</u>	<u>\$ (6,950,043)</u>
	A-4-9	A-4-10	

## 2.12 Pipeline Demand Charge Reconciliation

DRA reconciled all the categories pertaining to pipeline demand charges for the period November 2004 through October 2005. They are as follows: (1) Trans-Canada BC System, \$11,970,542; (2) California Gas Transmission and Storage, \$85,462,060; (3) El Paso Natural Gas Company, \$19,172,987; (4) Nova Gas Transmission Limited, \$28,066,905; (5) Gas Transmission Northwest Corporation, \$54,997,481; (6) Transwestern Pipeline Company, \$20,537, 535. The total cost of all pipeline charges for CPIM Year 12 was \$220,207,510. DRA's Exhibit A-4-12 and Table 2-10 show the complete detail and components of the demand charges.



**Table 2-10**  
**Reconciliation of Demand Charges**  
**November 1, 2004 through October 31, 2005**

Pipeline Description	Demand	Additional	Brokered	Discounted	Add	Net
CPIM Year-12	Charges	Capacity	Revenue	Capacity	Storage	Actual
Nov-2004 - Oct-2005		Purchases	Credits	Release		Demand
Trans-Canada BC System	\$ 11,839,302	\$ 502,952	\$ (371,712)	\$ -		\$ 11,970,542
California Gs Transmission	45,798,092	-	(1,584,436)	595,831	40,652,573	85,462,060
El Paso Natural Gas Company	19,949,353	-	(776,366)	-	-	19,172,987
Nova Gas Transmission Limited	28,720,064	1,022,568	(1,705,348)	29,621	-	28,066,905
Gas Transmission Northwest Corporation	56,644,924	-	(1,647,443)	-	-	54,997,481
Transwestern Pipeline Company	22,027,725	-	(1,490,190)	-	-	20,537,535
<b>Total Actual Demand Detail</b>	<b>\$ 184,979,460</b>	<b>\$ 1,525,520</b>	<b>\$ (7,575,495)</b>	<b>\$ 625,452</b>	<b>\$ 40,652,573</b>	<b>\$ 220,207,510</b>

## 2.13 Volumetric Transportation Costs

DRA reports the volumetric transportation costs and credits by pipeline purchase point for the CPIM Year 12 in Exhibit A-2-11 and Table 2-11. The CPIM volumetric commodity transportation costs are reconciled with the PGA balancing account by PG&E. DRA has confirmed that the volumetric commodity transportation costs and credits for CPIM Year 12 were \$22,093,036.

TABLE 2-11  
Summary of Commodity Volumetric Transport Costs  
CPIM-Year-12  
November 1, 2004 Through October 31, 2005

Pipeline Purchase Point	
CGT-Baja	\$ 8,142,664
CGT-City gate	(12,800)
CGT-Redwood	10,134,463
CGT-California Producers	912
EPNG-Basin	1,183,502
NGTL-AECO/NIT	191,336
GTNC-ALL	1,875,089
Transwestern-Basin	577,870
<b>Total Commodity Volumetric Transport Costs</b>	<b>\$ 22,093,036</b>

## **2.14 Sequenced Benchmark Commodity Indices**

DRA Exhibit A-3-2 shows the benchmark gas commodity indices used to value monthly benchmark volumes for the commodity market costs confirmed in this report. The published sequenced indices, shown in Table 2-11 below, were applied to the confirmed benchmark volume of 294,091,236 MMBtus to develop the commodity benchmark costs of \$1,972,334,174. This benchmark less the El Paso Pipeline credits of \$(40,613) reconciled the total commodity benchmark costs for CPIM Year 12 as \$1,972,293,561. During the prior years including CPIM Year 11, storage volumetric market costs were included in the total benchmark. PG&E has changed its accounting classification of storage cost for both actual and benchmark for CPIM Year 12 and beyond. Storage costs are now reported in the demand section of the CPIM. DRA therefore, confirms the commodity benchmark cost of \$1,972,293,561.

The Canadian sequenced benchmark commodity indices are established using the exchange rates in effect when the indices are issued prior to the availability of closing currency exchange rates. However, the final indices, which determine the actual gas supply prices, reflect closing exchange rates.

The sequencing order under the revised CPIM is as follows: Silverado, Kingsgate, AECO C or San Juan or Permian, depending on least cost. The benchmark indices associated with the new paths are the monthly “Inside FERC” San Juan index adjusted for a net-forward basis to the PG&E Citygate using Transwestern volumetric rates, and the monthly “Inside FERC” Permian index adjusted on a net-forward basis to PG&E Citygate.

DRA’s Table 2-12 and Exhibit A-3-2 show the indices used, the benchmark load at the City-gate and the developed commodity benchmark costs for CPIM Year 12.

TABLE 2-12  
Daily Benchmark Summary  
Indices(\$'s) at City-gate  
November 1, 2004 through October 31, 2005

Month Year	California Firm \$'s	Kingsgate	AECO	San Juan	Permian	Topock FIRM	Topock as Available	PG&E WP Ref
Nov-04	\$ 7.443585	\$ 7.288128	\$ 7.061625	\$ 7.396714	\$ 7.339153	\$ 7.443585	\$ 6.082153	2005-4
Dec-04	\$ 6.451683	\$ 6.814948	\$ 6.590298	\$ 6.387344	\$ 6.534038	\$ 6.451683	\$ 7.038641	2005-10
Jan-05	\$ 5.955945	\$ 6.203053	\$ 5.991416	\$ 6.130546	\$ 5.962458	\$ 5.955945	\$ 6.030388	2005-14
Feb-05	\$ 5.885095	\$ 5.803104	\$ 5.592177	\$ 5.875547	\$ 5.910140	\$ 5.885095	\$ 6.032083	2005-22
Mar-05	\$ 5.763638	\$ 5.962665	\$ 5.749115	\$ 5.641799	\$ 5.920603	\$ 5.763638	\$ 7.036334	2005-28
Apr-05	\$ 6.775783	\$ 6.531524	\$ 6.323759	\$ 6.704293	\$ 6.789084	\$ 6.775783	\$ 7.125364	2005-34
May-05	\$ 6.623962	\$ 6.568278	\$ 6.364298	\$ 6.799916	\$ 6.684447	\$ 6.623962	\$ 6.475119	2005-40
Jun-05	\$ 5.794002	\$ 6.119764	\$ 5.911280	\$ 5.822422	\$ 6.046167	\$ 5.794002	\$ 5.900513	2005-46
Jul-05	\$ 6.492383	\$ 6.552247	\$ 6.341309	\$ 6.534294	\$ -	\$ 6.492383	\$ -	2005-52
Aug-05	\$ 6.401289	\$ 6.876874	\$ 6.660180	\$ 6.449294	\$ 7.197165	\$ 6.401289	\$ -	2005-58
Sep-05	\$ 8.820318	\$ 8.711725	\$ 8.491956	\$ 8.638032	\$ -	\$ 8.820318	\$ -	2005-64
Oct-05	\$ 9.964043	\$ 10.409732	\$ 10.190921	\$ 10.221050	\$ -	\$ 9.964043	\$ 11.163526	2005-70

## 2.15 CPIM Year 12 Fixed Benchmark Demand Charges

PG&E reported its tariff Benchmark Demand charges and fixed storage charges for CPIM Year 12. DRA has confirmed the following costs: Trans-Canada B.C. System \$11,839,302, Nova Gas Transmission, Ltd. \$28,730,064, Total Canadian Pipeline Path \$40,559,366, Gas Transmission Northwest Corp. \$56,644,924, El Paso Natural Gas Company \$19,949,353, Transwestern Pipeline Company \$22,027,725, Total U.S. Interstate Fixed Transport Costs \$98,622,002. Intra-state Fixed Transport and Storage costs are as follows: CGT-Baja Path \$22,174,337, CGT-Redwood Path \$23,450,763, CGT-Silverado Path \$172,992, Total Intrastate Transport \$45,798,092, Intra-state Fixed Storage Costs \$40,652,573, and Total Intra-state Fixed Transport and Storage costs \$86,450,665. The PG&E confirmed Transport and Storage charges for CPIM Year 12 were: \$225,632,033. DRA's Exhibit A-5-1 and Table 2-13 show these confirmed costs and charges.

Table 2-13  
Summary CPIM-12  
Benchmark Fixed Demand Charges and Storage Costs  
November 1, 2004 Through October 31, 2005

<b>Canadian Pipeline Path</b>	
Trans-Canada B.C. System	\$ 11,839,302
Nova Gas Transmission, Ltd.	28,720,064
<b>Sub-total Canada Pipeline Path:</b>	<b>\$ 40,559,366</b>
<b>U.S. Interstate Fixed Transport Costs:</b>	
Gas Transmission Northwest Corp.	\$ 56,644,924
El Paso Natural Gas Company	19,949,353
Transwestern Pipeline Company	22,027,725
<b>Total Interstate Transport Fixed Costs:</b>	<b>\$ 98,622,002</b>
<b>Intrastate Fixed Transport &amp; Storage Costs:</b>	
CGT-Baja Path	\$ 22,174,337
CGT-Redwood Path	23,450,763
CGT-Silverado Path	172,992
<b>Sub-total CGT-Transport Costs</b>	<b>\$ 45,798,092</b>
Add: CGT Fixed Storage Costs:	\$ 40,652,573
<b>Subtotal Intrastate Fixed Transport &amp; Storage:</b>	<b>\$ 86,450,665</b>
 CPIM Year-12 Fixed Transport & Storage Costs	 <b>\$ 225,632,033</b>

## 2.16 Reconciliation of Actual Demand Charges to Benchmark Demand

PG&E reported its benchmark fixed transport demand and fixed storage costs for CPIM Year 12 as \$225,632,033. PG&E also reported actual net demand charges for CPIM Year 12 of \$220,207,510. DRA's Table 2-14 and work paper Exhibit A-4-13 confirm these market benchmark demand costs and net actual demand costs by reconciliation.

Table 2-14  
Reconciliation of Actual Demand Charges to Benchmark Demand charges  
CPIM Year-12  
November 1, 2004 through October 31, 2005

Pipeline Demand	Actual Demand Charges	Add Storage	CPIM Net Actual Demand	Add (Deduct) Additional Capacity Purchases	Add Brokers Revenue Credits	Deduct: Discount Capacity Release	Benchmark Demand Charges CPIM Year-12
<b>Canadian Pipeline Path</b>							
Trans-Canada BC System	\$ 11,970,542		\$ 11,970,542		\$ 371,712	(502,952)	\$ 11,839,302
Nova Gas Transmission, Ltd.	28,066,905		28,066,905	(1,022,568)	1,705,348	(29,621)	28,720,064
Sub-total:	\$ 40,037,447		\$ 40,037,447	(1,022,568)	\$ 2,077,060	(532,573)	\$ 40,559,366
<b>Interstate Pipeline Path</b>							
Gas Transmission NW Corp.	\$ 54,997,481		\$ 54,997,481		\$ 1,647,443	\$ -	\$ 56,644,924
El Paso Natural Gas	19,172,987		19,172,987	-	776,366	-	19,949,353
Transwestern Pipeline Co.	20,537,535		20,537,535		1,490,190		22,027,725
Sub-total:	\$ 94,708,003		\$ 94,708,003	\$ -	\$ 3,913,999	\$ -	\$ 98,622,002
Intra-state Transport & Storage							
California Gas Transmission:	\$ 44,809,487	\$ 40,652,573	\$ 85,462,060	-	\$ 1,584,436	\$ (595,831)	\$ 86,450,665
Actual Demand to Benchmark:	\$ 179,554,937	\$ 40,652,573	\$ 220,207,510	\$ (1,022,568)	\$ 7,575,495	\$ (1,128,404)	\$ 225,632,033

## 2.17 Audit Findings and Conclusions:

- DRA's audit findings confirm that PG&E's total gas costs for the period November 1, 2004 through October 31, 2005 are \$2,174,686,238 and are below the lower tolerance band of \$2,178,202,658. PG&E would ordinarily meet the CPIM requirements for a reward of \$879,105 which is 25% of the shared shavings of \$3,516,420. However, PG&E is foregoing the CPIM Year 12 shareholder reward in accordance with D.05-10-015, which addressed gas hedging for the winter of 2005/2006 and the reward for Year 12.<sup>15</sup>
- DRA's audit has confirmed the total benchmark market costs for CPIM Year 12 were \$2,197,925,594, the benchmark commodity costs were \$1,972,293,561, and the transport and reservation charges were \$225,632,033.

<sup>15</sup> D.05-10-015, dated October 6, 2005 states "In contrast to the treatment of hedges under the CPIM, shareholders would bear no costs and receive no benefits associated with the hedges. PG&E shareholders also would forego any reward for the 2004-2005 CPIM year (Year 12)." (D.05-10-015, p.6, paragraph 2)

- DRA's audit confirms that the components of actual gas costs for CPIM Year 12 consisted of the following: commodity costs of \$1,954,478,728, transport and reservation charges of \$220,207,510, and total actual costs of \$2,174,686,238.
- DRA's audit confirms PG&E's Year 12 performance results that state that benchmark costs were \$2,197,925,594. PG&E's Year 12 total actual costs were \$2,174,686, 238, which is \$23,239,356 below the benchmark, and \$3,515,420 below the lower limit tolerance band.<sup>16</sup>
- DRA confirms the sharing modifications as approved by the Commission in Decision 04-01-047 as follows: savings (below the benchmark costs) to be shared as (a) 0-1% to ratepayers, 100%; (b) ratepayers and shareholders share 1%+ savings as follows: ratepayers, 75% and shareholders, 25%; (c) costs above the benchmark tolerance band will be shared equally by ratepayers and shareholders at 50%.
- The annual PG&E shareholder award will be capped at the lower of 1.5% of the total annual gas commodity costs or a "hard cap" limiting the total annual shareholder award of \$25 million.
- DRA's audit findings confirm that the purchase gas balancing account difference between CPIM and the PGA of \$477,685 as reported in Table 2-4 is a reasonable timing difference between CPIM Year 12 transactions and the PG&E general ledger PGA.
- DRA's audit findings confirm that the CFCA difference of \$229,016 as reported in DRA Table 2-5 is a reasonable timing difference between the CPIM Year 12 and the PG&E general ledger CFCA.
- DRA's audit findings confirm that PG&E's brokered revenues were \$(7,575,495) and Discount Capacity Release expenses were \$625,452 for CPIM Year 12, as reported in Table 2-9 of this report.
- DRA's audit finds confirm that actual commodity sales during CPIM Year 12 were \$(233,507,250), as reported in Table 2-8 of this report.
- DRA's audit confirms that actual storage inventory at November 1, 2004 was

---

<sup>16</sup> PG&E Annual Report, para 3, page 3, A.96-08-043, dated August 31, 2006.

33,149,956 MMBtus and storage inventory at October 31, 2005 was 33,280,590 MMBtus.

- DRA's audit confirms that actual commodity volumetric transportation costs and credits were \$22,093,036 as reported in Table 2-11 of this report.

## **EXHIBIT A**

### **SCHEDULE OF AUDIT WORK PAPER EXHIBITS**

Exhibit A	PG&E CPIM Year 12 Performance Reward Overview.
Exhibit A-1	CPIM Year 12 (Table 2-1), Reward Computation.
Exhibit A-2	CPIM Year 12 Summary of Actual Commodity Costs.
Exhibit A-2-1	CPIM Year 12 Summary of All Actual Costs.
Exhibit A-2-2	Net Commodity Purchase Volumes, CPIM Year 12.
Exhibit A-2-3	Net Commodity Sales Volumes, CPIM Year 12.
Exhibit A-2-4	Summary of Actual Commodity Sales, CPIM Year 12 .
Exhibit A-2-5	Table 2-3, Commodities Gross to Net, CPIM Year 12.
Exhibit A-2-6	Table 2-2 Actual Gas Cost Components, CPIM Year 12.
Exhibit A-2-7	Commodity Volumetric Transport Charges, CPIM Year 12.
Exhibit A-2-8	Summary of Miscellaneous Costs and Credits, CPIM Year 12.
Exhibit A-2-9	Table 2-7, Premium Options & Settlements, CPIM Year 12.
Exhibit A-2-10	Table 2-8 Commodity Sales Components, CPIM Year 12.
Exhibit A-2-11	Table 2-11, Commodity Volumetric Transport Costs, CPIM Year 12.
Exhibit A-3	Reconciliation of Daily Benchmark PG&E Overview Table II.
Exhibit A-3-1	Modified Determined Usage Benchmark Load, CPIM Year 12.
Exhibit A-3-2	Daily Benchmark Index Summary, (Table 2-12), CPIM Year 12.
Exhibit A-3-3	Benchmark Sequenced Volumes and Dollars, CPIM Year 12.
Exhibit A-3-4	Benchmark Commodity Cost Components, CPIM Year 12.
Exhibit A-3-5	Table 2-2a Summary of Benchmark Costs CPIM Year 12.
Exhibit A-4-1	Summary of Benchmark Demand Charges, CPIM Year 12.
Exhibit A-4-2	Summary of Actual Demand Charges, CPIM Year 12.
Exhibit A-4-3	Summary of Demand Charges, Trans-Canada BC System.
Exhibit A-4-4	Summary of Demand Charges, CA. Gas Transmission.
Exhibit A-4-5	Summary of Demand Charges, El Paso Pipeline Company.
Exhibit A-4-6	Summary of Demand Charges, Nova Gas Transmission, Ltd.
Exhibit A-4-7	Summary of Demand Charges, Gas Transmission Northwest Corp.
Exhibit A-4-8	Summary of Demand Charges, Transwestern Pipeline Company.
Exhibit A-4-9	Reconciliation of all Brokered Revenues, CPIM Year 12.



Exhibit A-4-10	Reconciliation of Discount Capacity Release Charges, CPIM Year 12.
Exhibit A-4-11	Table 2-9 Brokered Revenues & Discount Capacity Release Costs.
Exhibit A-4-12	Table 2-10 Reconciliation of Actual Demand Charges, CPIM Year 12.
Exhibit A-4-13	Table 2-14, Reconciliation Actual Demand to Benchmark Demand.
Exhibit A-5	Benchmark Fixed Demand & Storage Charges.
Exhibit A-5-1	Table 2-13, Benchmark Fixed Demand & Storage Components.
Exhibit A-6	Computation of Southwest & CA Indices, CPIM Year 12.
Exhibit A-7	Computation of Kingsgate Index, CPIM Year 12.
Exhibit A-8	Computation of Malin Index, CPIM Year 12 .
Exhibit A-9	Computation of Permian Index, CPIM Year 12 .
Exhibit A-10	Computation of San Juan Index, CPIM Year 12.
Exhibit A-11	PG&E Summary of Core-Supply Portfolio Composition, CPIM-Year 12.
Exhibit A-12	Summary of Pipeline Capacity Utilization, CPIM Year 12 .
Exhibit A-13	Actual Cost Detail for PGA Balancing Account data, CPIM 12.
Exhibit A-14	Monthly Summary of Commodity Volumetric Transportation Costs.
Exhibit A-15	DRA Reconciliation of PG&E Balancing Account to CPIM Year 12 .
Exhibit A-16	Table 2-5, Reconciliation of Core-Fixed Cost Expense to CPIM Year 12 .
Exhibit A-17	Confirmation of Storage Physical Inventory at October 31, 2005.

**Pacific Gas and Electric Company  
CPIM Year-12 Monitoring  
Table of Contents**

<b>Page No.</b>	<b>Work-paper Description</b>	<b>Exhibit Number</b>
1	PG&E Gas Procurement Over-view-CPIM Year-12	A
2	Table 2-1 Reward Computation CPIm Year-12	A-1
3	Summary of Actual Commodity Costs	A-2
4	Summary of Actual Gas Costs - CPIM year-12	A-2-1
5	Summary of Net Purchase Volumes ( In MMBtus)	A-2-2
6	Summary of Actual Sales Volumes - CPIM Year-12	A-2-3
7	Summary of Actual Sales Revenues - CPIM Year-12	A-2-4
8	Gross-To-Net Actual Commodity Costs - CPIM Year-12	A-2-5
9	Gross-To-Net Actual Costs - CPIM Year-12	A-2-6
10	Schedule of Commodity Transportation Volumes ( In MMBtus )	A-2-7
11	Summary of Miscellaneous Costs and Credits - CPIM Year-12	A-2-8
12	Summary of Derivatives Options, and Option-Swap Settlements	A-2-9
13	Summary of Actual Commodity Sales	A-2-10
14	Summary of Volumetric Transport Costs	A-2-11
13	Summary and Comparision of Benchmark Commodity to Overview	A-3
14	Modified Determined Usage-CPIM Year-12	A-3-1
15	Schedule of Daily Benchmark Indices at PG&E City-gate	A-3-2
16	PG&E Sequenced Volumes and Commodity Costs at City-gate	A-3-3
17	Schedule of Benchmark Commodity Cost Components - CPIM Year-12	A-3-4
18	Table 2-3, Benchmark Cost Components - CPIM Year-12	A-3-5
19	Summary of All Benchmark Demand Charges Per Overview, CPIM Year-12	A-4-1
20	Summary of All Actual Demand Charges Per Overview, CPIM Year-12	A-4-2
21	Reconciliation of Trans-Canada BC System Demand Charges	A-4-3
22	Reconciliation of California Gas Transmission Demand Charges	A-4-4
23	Reconciliation of El Paso Natural Gas Demand Charges	A-4-5
24	Reconciliation of Nova Gas Transmission, Ltd. Demand Charges	A-4-6
25	Reconciliation of Gas Transmission Northwest Corporation Demand Charges	A-4-7
26	Reconciliation of Transwestern Pipeline Company Demand Charges	A-4-8
27	Summary of All Brokering Revenues - CPIM Year-12	A-4-9
28	Summary of All Discount Capacity Release Costs CPIM Year-12	A-4-10
29	Reconciliation of CGT Brokered Revenues & Discount Capacity Release	A-4-11
30	Table 2-5, Brokered Revenues and Discount Capacity Release	A-4-12
31	Reconciliation of Actual Demand to Benchmark Demand	a-4-13
32	Fixed Transportation and Storage Costs - CPIM Year-12	A-5
33	Benchmark Fixed Demand and Storage Charges	A-5-1

CPIM-Year-12  
Audit Table of Contents  
and Workpaper file

**Pacific Gas and Electric Company**

**CPIM Year-12 Monitoring**

**Table of Contents**

<b>34 Southwest and California Indices</b>	<b>A-6</b>
<b>35 Kingsgate Index</b>	<b>A-7</b>
<b>36 Malin Index</b>	<b>A-8</b>
<b>37 Permian Index</b>	<b>A-9</b>
<b>38 San Juan Index</b>	<b>A-10</b>
<b>39 Schedule of Core Supply Portfolio Composition</b>	<b>A-11</b>
<b>40 Pipeline Capacity Utilization</b>	<b>A-12</b>
<b>41 Actual Commodity Costs By Pipeline Path</b>	<b>A-13</b>
<b>42 Actual Volumetric Transportation Costs By Pipeline Path</b>	<b>A-14</b>
<b>43 Reconciliation of CPIM Year-12 to PGA Balance Account</b>	<b>A-15</b>
<b>44 Reconciliation of Core-Fixed Cost Expense to CPIM Year-12</b>	<b>A-16</b>
<b>45 Confirmation of Storage Physical Inventory Volumes 10/31/2005</b>	<b>A-17</b>
<b>46 Summary of Storage injections and Withdrawals</b>	<b>A-17-1</b>

Table II

**Pacific Gas and Electric Company**  
**Gas Procurement-November 1, 2004 - October 31, 2005**  
**CPIM Year-12 Annual Report Overview of Performance**

12 Mo. YTD	Interstate and California Gas Purchases			Demand	Charges	Total CPIM		Performance			
Month	Note 1			Note 2				Difference			
Year	Commodity		Benchmark -	Pipeline Charges		Total		Benchmark -	Deadband		(Over)/Under
	Actuals	Benchmark	Actuals	Actuals	Benchmark	Actuals	Benchmark	Actuals	"Upper Limit"(3)	"Lower Limit"(4)	Deadband
Nov-04	\$207,882,967	\$203,520,068	(\$4,362,899)	\$18,146,681	\$18,195,704	\$226,029,648	\$221,715,772	(\$4,313,876)	\$225,786,173	\$219,680,571	(\$243,475)
Dec-04	221,847,924	224,023,589	2,175,665	20,098,778	19,962,985	241,946,702	243,986,574	2,039,872	248,467,046	241,746,338	within
Jan-05	233,613,210	232,448,031	(1,165,179)	21,724,225	21,596,859	255,337,435	254,044,890	(1,292,545)	258,693,851	251,720,410	within
Feb-05	151,392,704	158,745,593	7,352,889	21,554,349	21,426,187	172,947,053	180,171,780	7,224,727	183,346,692	178,584,324	5,637,271
Mar-05	141,247,322	137,217,525	(4,029,797)	19,240,063	19,140,623	160,487,385	156,358,148	(4,129,237)	159,102,499	154,985,973	(1,384,887)
Apr-05	166,163,264	189,896,930	23,733,666	17,218,089	17,916,603	183,381,353	207,813,533	24,432,180	211,611,472	205,914,564	22,533,211
May-05	142,383,557	133,043,625	(9,339,932)	17,355,743	17,842,658	159,739,300	150,886,283	(8,853,017)	153,547,156	149,555,847	(\$6,192,145)
Jun-05	112,795,963	111,398,379	(1,397,584)	16,709,346	17,314,166	129,505,309	128,712,545	(792,764)	130,940,513	127,598,561	within
Jul-05	109,740,883	108,555,086	(1,185,797)	17,237,415	17,972,992	126,978,298	126,528,078	(450,220)	128,699,180	125,442,527	within
Aug-05	110,096,378	112,337,079	2,240,701	17,022,874	18,068,013	127,119,252	130,405,092	3,285,840	132,651,834	129,281,721	2,162,469
Sep-05	153,114,638	151,927,389	(1,187,249)	16,819,400	18,085,896	169,934,038	170,013,285	79,247	173,051,833	168,494,011	within
Oct-05	204,199,918	209,180,267	4,980,349	17,080,547	18,109,347	221,280,465	227,289,614	6,009,149	231,473,219	225,197,811	3,917,346
Totals	\$1,954,478,728	\$1,972,293,561	\$17,814,833	\$220,207,510	\$225,632,033	\$2,174,686,238	\$2,197,925,594	\$23,239,356	2,237,371,465	2,178,202,658	\$3,516,420
	ok	ok	ok	ok	ok	ok	ok	ok	ok	ok	%
									2005 Shareholder Earnings (Loss)		\$879,105

(1) Canadian and U.S. gas commodity costs. Volumetric Cost to PG&E's Citygate are included.

(2) Includes intrastate, applicable interstate and Canadian pipeline reservation charges net of brokering revenues.

(3) "Upper Limit" equal Benchmark +2.0 % of Commodity benchmark

(4) "Lower Limit" equal Benchmark - 1.0% of Commodity Benchmark.

(5) (Over) Under Tolerance Band \$3,516,420\*.25, Shareholder reward: \$879,105,

(6) Utility elects to waive proposed award of \$879,105 for CPIM Year-12.

Cumulative Monthly  
Monitoring CPIM Report  
Year-12 Final

**TABLE 2-1**  
**Ratepayer Savings and Shareholder Award Calculation**  
**Core Procurement Performance Report-(CPIM) Year-12**  
**November 1, 2004 Through October 31, 2005**

Total Commodity, Transport and Storage Costs		PG&E Table II Overview	
Upper Tolerance Band-Benchmark + 2.0% of Commodity	A	\$	2,237,371,465
Benchmark Market Costs-CPIM Year-12	B		2,197,925,594
Lower Tolerance Band Benchmark - 1.0% of Commodity	C		2,178,202,658
Actual Natural Gas Costs - CPIM Year-12	D		2,174,686,238
Benchmark Costs Less Actual Costs	E ( B - D)		23,239,356
(Over) Under Lower Tolerance Band	F ( C - D)		3,516,420
Ratepayer Savings Earned Under Lower Tolerance Band	G ( F * .75)		2,637,315
Shareholder Award Earned Under Lower Tolerance Band ( N-1 )	H ( F * .25)		879,105
Ratepayers Savings Less Under Tolerance Band	I ( E - F)		19,722,936
Ratepayer -Shareholder Savings-Award Calculation Proof	J (G+H+I)		23,239,356

Note 1      Shareholder Earned Award Waived by Utility

TABLE 2-1  
Ratepayer -Shareholder  
Savings-Reward  
Calculation  
CPIM Year-12

**Pacific Gas and Electric Company**  
**Summary of Commodity Costs-CPIM Year 12**  
**November 1, 2004 - October 31, 2005**

CPIM Performance Summary													
Commodity Costs-Revenues	Nov-04	Dec-04	Jan-05	Feb-05	Mar-05	Apr-05	May-05	Jun-05	Jul-05	Aug-05	Sep-05	Oct-05	
CGT-Baja	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	
Cgt-Citygate	10,657,915	8,236,283	4,862,871	-	2,730,967	24,041,791	8,667,581	5,771,290	6,348,859	6,595,095	8,586,911	13,611,480	
CGT-Redwood	-	-	-	-	-	-	-	-	-	-	-	-	
CGT-CA Producers	26,145	22,964	9,925	8,900	8,261	8,309	10,709	5,861	6,080	5,787	6,573	9,484	
EPNG-Basin	35,410,422	38,365,971	37,144,752	35,829,629	33,012,398	34,402,114	34,782,352	22,607,402	15,741,100	20,729,906	29,119,782	47,654,224	
EPNG-Topock	50,437	26,422,139	33,870,334	32,240,021	5,885,492	-	14,253	520,694	-	-	-	-	
Kern River-Dagget	265,000	4,939,582	12,623,610	6,465,354	1,002,337	-	-	-	-	-	-	-	
Kern River Station	-	562,080	3,984,349	114,000	-	-	-	-	-	-	-	-	
NGTL-AECO/NIT	121,097,975	120,219,793	109,318,646	91,527,370	103,989,754	105,447,459	109,996,049	97,873,464	107,630,575	110,372,241	131,866,473	159,108,851	
GTNC-All	8,072,784	2,013,777	2,432,766	1,631,695	1,648,614	1,682,376	1,543,558	3,021,487	466,158	255,290	4,008,364	17,075,080	
TW-Basin	32,581,789	28,756,200	27,685,233	23,921,061	14,762,162	616,532	185,667	-	390,826	-	-	-	
TW-Needles	-	-	-	-	-	-	-	-	-	-	-	-	
TW-Topock	13,134	1,510,739	695,526	-	-	-	-	-	-	-	-	-	
Round:	-	-	(1)	(1)	-	(1)	1	(1)	-	-	-	-	
Actual Commodity	208,175,601	231,049,528	232,628,011	191,738,029	163,039,985	166,198,580	155,200,170	129,800,197	130,583,598	137,958,319	173,588,103	237,459,119	
Volumetric Transportation:	\$ 1,713,357	1,853,425	3,239,606	2,688,453	2,213,550	1,785,310	1,757,494	1,478,656	1,294,971	1,266,224	1,289,831	1,512,359	
Commodity Sales	(2,250,566)	(13,880,378)	(5,076,254)	(45,858,042)	(23,720,216)	(1,827,880)	(14,596,382)	(18,484,876)	(22,141,711)	(29,130,208)	(21,762,431)	(34,778,306)	
Miscellaneous-Sch	\$ 244,575	7,851	4,349	6,766	(4,627)	7,254	22,275	1,986	4,025	2,043	(865)	6,746	
Option Premiums	\$ -	2,817,498	2,817,498	2,817,498	781,280	-	-	-	-	-	-	-	
Option Settlements	\$ -	-	-	-	(1,062,650)	-	-	-	-	-	-	-	
Round:	-	-	-	-	-	-	-	-	-	-	-	-	
Net Commodity:	\$ 207,882,967	\$ 221,847,924	\$ 233,613,210	\$ 151,392,704	\$ 141,247,322	\$ 166,163,264	\$ 142,383,557	\$ 112,795,963	\$ 109,740,883	\$ 110,096,378	\$ 153,114,638	\$ 204,199,918	

Totals
\$ -
100,111,043
-
128,998
384,800,052
99,003,370
25,295,883
4,660,429
1,368,448,650
43,851,949
128,899,470
-
2,219,399
(3)
<u>\$ 2,157,419,240</u>
22,093,236
(233,507,250)
302,378
9,233,774
(1,062,650)
-
<u><u>\$ 1,954,478,728</u></u>

PGE  
Commodity Costs  
CPIM Year-12

Pacific Gas and Electric Company  
Summary of Commodity & Demand Costs-CPIM Year 12  
November 1, 2004 - October 31, 2005

CPIM Performance Summary													
Commodity Costs-Revenues	Nov-04	Dec-04	Jan-05	Feb-05	Mar-05	Apr-05	May-05	Jun-05	Jul-05	Aug-05	Sep-05	Oct-05	Totals
Net Commodity:													
CGT-Baja	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Cgt-Citygate	10,657,915	8,236,283	4,862,871	-	2,730,967	24,041,791	8,667,581	5,771,290	\$ 6,348,859	\$ 6,595,095	\$ 8,586,911	\$ 13,611,480	\$ 100,111,043
CGT-Redwood	-	-	-	-	-	-	-	-	-	-	-	-	-
CGT-CA Producers	26,145	22,964	9,925	8,900	8,261	8,309	10,709	5,861	6,080	5,787	6,573	9,484	\$ 128,998
EPNG-Basin	35,410,422	38,365,971	37,144,752	35,829,629	33,012,398	34,402,114	34,782,352	22,607,402	15,741,100	20,729,906	29,119,782	47,654,224	\$ 384,800,052
EPNG-Topock	50,437	26,422,139	33,870,334	32,240,021	5,885,492	-	14,253	520,694	-	-	-	-	\$ 99,003,370
Kern River-Dagget	265,000	4,939,582	12,623,610	6,465,354	1,002,337	-	-	-	-	-	-	-	\$ 25,295,883
Kern River Station	-	562,080	3,984,349	114,000	-	-	-	-	-	-	-	-	\$ 4,660,429
NGTL-AECO/INIT	121,097,975	120,219,793	109,318,646	91,527,370	103,989,754	105,447,459	109,996,049	97,873,464	107,630,575	110,372,241	131,866,473	159,108,851	\$ 1,368,448,650
GTNC-All	8,072,784	2,013,777	2,432,766	1,631,695	1,648,614	1,682,376	1,543,558	3,021,487	466,158	255,290	4,008,364	17,075,080	\$ 43,851,949
TW-Basin	32,581,789	28,756,200	27,685,233	23,921,061	14,762,162	616,532	185,667	-	390,826	-	-	-	\$ 128,899,470
TW-Needles	-	-	-	-	-	-	-	-	-	-	-	-	\$ -
TW-Topock	13,134	1,510,739	695,526	-	-	-	-	-	-	-	-	-	\$ 2,219,399
Round:			(1)	(1)		(1)	1	(1)					\$ (3)
Actual Commodity Cost	208,175,601	231,049,528	232,628,011	191,738,029	163,039,985	166,198,580	155,200,170	129,800,197	130,583,598	137,958,319	173,588,103	237,459,119	\$ 2,157,419,240
Volumetric Transportation:	\$ 1,713,357	1,853,425	3,239,606	2,688,453	2,213,550	1,785,310	1,757,494	1,478,656	1,294,971	1,266,224	1,289,831	1,512,359	22,093,236
Commodity Sales	(2,250,566)	(13,880,378)	(5,076,254)	(45,858,042)	(23,720,216)	(1,827,880)	(14,596,382)	(18,484,876)	(22,141,711)	(29,130,208)	(21,762,431)	(34,778,306)	(233,507,250)
Miscellaneous-Sch	\$ 244,575	7,851	4,349	6,766	(4,627)	7,254	22,275	1,986	4,025	2,043	(865)	6,746	302,378
Option Premiums	\$ -	2,817,498	2,817,498	2,817,498	781,280	-	-	-	-	-	-	-	9,233,774
Option Settlements	\$ -	-	-	-	(1,062,650)	-	-	-	-	-	-	-	(1,062,650)
Round:	-	-	-	-	-	-	-	-	-	-	-	-	-
Net Commodity:	\$ 207,882,967	\$ 221,847,924	\$ 233,613,210	\$ 151,392,704	\$ 141,247,322	\$ 166,163,264	\$ 142,383,557	\$ 112,795,963	\$ 109,740,883	\$ 110,096,378	\$ 153,114,638	\$ 204,199,918	\$ 1,954,478,728
Actual Demand Charges:													
Trans-Canada B.C. System	\$ 961,064	\$ 984,054	\$ 1,024,214	\$ 1,023,884	\$ 1,042,841	\$ 965,250	\$ 954,595	\$ 978,095	\$ 979,466	\$ 1,007,441	\$ 1,026,443	\$ 1,023,195	\$ 11,970,542
California Gas Transmission	6,347,902	8,198,977	9,941,872	9,955,860	7,431,355	6,251,167	6,250,444	6,180,916	6,222,839	6,217,612	6,200,967	6,262,149	85,462,060
El Paso Natural Gas Co.	1,664,816	1,716,512	1,750,441	1,748,941	1,744,796	1,744,803	1,647,000	1,110,432	1,578,035	1,433,478	1,464,562	1,569,171	19,172,987
Nova Gas Transmission, Ltd	2,632,480	2,677,323	2,406,859	2,406,085	2,450,632	2,269,499	2,221,914	2,237,810	2,259,605	2,222,053	2,177,978	2,104,667	28,066,905
Gas Transmission N.W. Corp.	4,727,819	4,648,892	4,727,819	4,727,819	4,727,819	4,492,470	4,492,470	4,482,493	4,492,470	4,492,470	4,492,470	4,492,470	54,997,481
Transwestern Pipeline Co.	1,812,600	1,873,020	1,873,020	1,691,760	1,842,620	1,494,900	1,789,320	1,719,600	1,705,000	1,649,820	1,456,980	1,628,895	20,537,535
Total Demand Charges:	\$ 18,146,681	\$ 20,098,778	\$ 21,724,225	\$ 21,554,349	\$ 19,240,063	\$ 17,218,089	\$ 17,355,743	\$ 16,709,346	\$ 17,237,415	\$ 17,022,874	\$ 16,819,400	\$ 17,080,547	\$ 220,207,510
Total Actual Costs:	\$ 226,029,648	\$ 241,946,702	\$ 255,337,435	\$ 172,947,053	\$ 160,487,385	\$ 183,381,353	\$ 159,739,300	\$ 129,505,309	\$ 126,978,298	\$ 127,119,252	\$ 169,934,038	\$ 221,280,465	\$ 2,174,686,238

Commodity Demand  
Actual Costs  
CPIM Year-12



**Pacific Gas and Electric Company**  
**Net Purchase Volumes (In MMBtus) - CPIM Year-12**  
**November 1, 2004 - October 31, 2005**

CPIM Net Purchase Volumes	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Total Net
Pipeline/Purchase Point	2004	2004	2005	2005	2005	2005	2005	2005	2005	2005	2005	2005	Volumes
CGT-Baja	-	-	-	-	-	-	-	-	-	-	-	-	-
CGT City gate	1,335,233	(746,475)	131,005	(6,976,962)	(3,118,265)	3,197,140	(1,007,000)	(1,606,971)	(2,177,178)	(1,906,799)	(937,684)	(1,203,944)	(15,017,900)
CGT-Redwood	-	-	-	-	-	-	-	-	-	-	-	-	-
CGT California Producers	3,500	3,490	1,627	1,506	1,417	1,206	1,568	1,014	953	923	767	905	18,876
EPNG-Basin	5,203,795	6,210,487	6,515,516	5,873,515	6,111,719	5,523,580	5,610,936	4,062,152	2,577,397	2,803,004	3,433,794	4,960,217	58,886,112
EPNG-Topock	8,398	4,146,184	5,852,937	5,634,703	913,962	(10,000)	(104,877)	73,694	(38,000)	(13,900)	-	-	16,463,101
Kern River Daggett	50,000	772,788	2,185,242	1,126,820	160,900	-	-	-	-	-	-	-	4,295,750
Kern River Station	-	81,000	691,498	20,000	-	-	-	-	-	-	-	-	792,498
NGTL-AECO/NIT	18,128,886	19,162,679	19,185,996	17,348,463	19,140,027	17,488,171	17,900,661	16,932,276	17,758,773	16,944,030	15,689,783	15,590,073	211,269,818
GTNC-All	1,100,476	320,116	367,328	289,259	256,330	254,400	266,718	506,472	(60,643)	(259,697)	437,391	1,526,697	5,004,847
TW Basin	4,721,128	4,831,433	4,881,322	4,403,935	2,809,738	98,638	35,210	-	63,011	-	-	-	21,844,415
TW Needles	-	(10,000)	-	-	-	-	(286)	-	(10,000)	-	-	-	(20,286)
TW Topock	1,990	234,659	124,933	-	-	-	-	-	-	-	-	-	361,582
	-	-	-	-	-	-	-	-	-	-	-	-	-
Commodity Net Volumes	30,553,406	35,006,361	39,937,404	27,721,239	26,275,828	26,553,135	22,702,930	19,968,637	18,114,313	17,567,561	18,624,051	20,873,948	303,898,813

CPIM Year-12  
Actual Net Purchase Volumes  
In MMBtus  
Nov-2004 - Oct-2005

**Pacific Gas and Electric Company**  
**Actual Gross Sales Volumes( In MMBtus) - CPIM Year-12**  
**November 1, 2004 - October 31, 2005**

CPIM SALES Volumes	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Total Net
Pipeline/Purchase Point	2004	2004	2005	2005	2005	2005	2005	2005	2005	2005	2005	2005	Volumes
CGT-Baja	-	-	-	-	-	-	-	-	-	-	-	-	-
CGT City gate	(325,899)	(1,945,899)	(684,950)	(6,976,962)	(3,498,257)	(212,998)	(2,282,000)	(2,513,971)	(3,112,118)	(2,836,799)	(1,886,939)	(2,443,944)	(28,720,736)
CGT-Redwood	-	-	-	-	-	-	-	-	-	-	-	-	-
CGT California Producers	-	-	-	-	-	-	-	-	-	-	-	-	-
EPNG-Basin	-	(191,700)	(66,347)	(691,234)	-	-	-	-	-	-	-	-	(949,281)
EPNG-Topock	-	-	-	-	-	(10,000)	(107,326)	(13,043)	(38,000)	(13,900)	-	-	(182,269)
Kern River Daggett	-	-	-	-	-	-	-	-	-	-	-	-	-
Kern River Station	-	-	-	-	-	-	-	-	-	-	-	-	-
NGTL-AECO/NIT	(34,121)	(26,255)	(38,197)	-	(40,756)	(47,391)	(57,817)	(406,140)	(15,165)	(435,427)	(403,865)	(647,833)	(2,152,967)
GTNC-All	-	-	(61,956)	-	-	-	-	-	(131,653)	(290,697)	-	(54,000)	(538,306)
TW Basin	-	-	-	-	(15,000)	-	-	-	-	-	-	-	(15,000)
TW Needles	-	(10,000)	-	-	-	-	(286)	-	(10,000)	-	-	-	(20,286)
TW Topock	-	-	-	-	-	-	-	-	-	-	-	-	-
Gross Commodity SALES	(360,020)	(2,173,854)	(851,450)	(7,668,196)	(3,554,013)	(270,389)	(2,447,429)	(2,933,154)	(3,306,936)	(3,576,823)	(2,290,804)	(3,145,777)	(32,578,845)

Gross  
Commodity Sales  
CPIM Year-12  
November 2004 - October 2005

**Pacific Gas and Electric Company**  
**Actual Commodity Sales \$'s-CPIM Year-12**  
**November 1, 2004 - October 31, 2005**

CPIM SALES Dollars	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Total
Pipeline/Purchase Point	2004	2004	2005	2005	2005	2005	2005	2005	2005	2005	2005	2005	Sales
CGT-Baja	\$ -	\$ -	-	-	-	-	-	-	-	-	-	-	\$ -
CGT City gate	\$ (2,060,936)	\$ (12,507,150)	\$ (4,163,888)	\$ (42,025,038)	\$ (23,364,897)	\$ (1,486,846)	\$ (13,685,475)	\$ (15,981,373)	\$ (20,872,322)	\$ (23,440,649)	\$ (18,106,913)	\$ (27,522,337)	\$ (205,217,824)
CGT-Redwood													-
CGT California Producers	-	-	-	-	-	-	-	-	-	-	-	-	-
EPNG-Basin	-	(1,225,444)	(367,814)	(3,833,004)	-	-	-	-	-	-	-	-	(5,426,262)
EPNG-Topock	-	-	-	-	-	(69,200)	(586,400)	(75,781)	(245,405)	(133,251)	-	-	(1,110,037)
Kern River Daggett	-	-	-	-	-	-	-	-	-	-	-	-	-
Kern River Station	-	-	-	-	-	-	-	-	-	-	-	-	-
NGTL-AECO/NIT	(189,630)	(81,584)	(192,185)	-	(258,469)	(271,834)	(322,865)	(2,427,722)	(93,982)	(3,330,775)	(3,655,518)	(6,718,669)	(17,543,233)
GTNC-All	-	-	(352,367)	-	-	-	-	-	(858,602)	(2,225,533)	-	(537,300)	(3,973,802)
TW Basin	-	-	-	-	(96,850)	-	-	-	-	-	-	-	(96,850)
TW Needles	-	(66,200)	-	-	-	-	(1,642)	-	(71,400)	-	-	-	(139,242)
TW Topock	-	-	-	-	-	-	-	-	-	-	-	-	-
Commodity SALES Dollars	(2,250,566)	(13,880,378)	(5,076,254)	(45,858,042)	(23,720,216)	(1,827,880)	(14,596,382)	(18,484,876)	(22,141,711)	(29,130,208)	(21,762,431)	(34,778,306)	\$ (233,507,250) Ok

Actual Commodity Sales  
CPIM Year-12  
Nov-2004 through Oct-2005

**TABLE 2-3**  
**Gross-To-Net Commodity**  
**November 1, 2004 - October 31, 2005**

CPIM Year-12	Commodity	Commodity	NET
Pipeline/Purchase Point	Costs	Sales	Commodity
CGT-Baja	\$ -	\$ -	\$ -
CGT City gate	100,111,043	(205,217,824)	(105,106,781)
CGT-Redwood			
CGT California Producers	128,998		128,998
EPNG-Basin	384,800,052	(5,426,262)	379,373,790
EPNG-Topock	99,003,370	(1,110,037)	97,893,333
Kern River Daggett	25,295,883		25,295,883
Kern River Station	4,660,429		4,660,429
NGTL-AECO/NIT	1,368,448,650	(17,543,233)	1,350,905,417
GTNC-All	43,851,949	(3,973,802)	39,878,147
TW Basin	128,899,470	(96,850)	128,802,620
TW Needles	-	(139,242)	(139,242)
TW Topock	2,219,399		2,219,399
Round	(3)		(3)
Commodity Net Volumes	\$ 2,157,419,240	\$ (233,507,250)	\$ 1,923,911,990
Add (Deduct)			
Volumetric Transportation	22,093,236	\$	22,093,236
Miscellaneous Costs & Credits	342,991	\$	342,991
El Paso Transport Credits	(40,613)	- \$	(40,613)
Option Premiums-	9,233,774		9,233,774
Option Settlements	(1,062,650)		(1,062,650)
Round	-		-
Net Commodity Costs	\$ 2,187,985,978	\$ (233,507,250)	\$ 1,954,478,728

A-2-1

**Table 2-3**  
**CPIM Year-12**  
**Commodity Component**  
**Detail**

TABLE 2-3  
Actual Gas Costs-CPIM Year-12  
November 1, 2004 Through October 31, 2005

Commodity Costs and Revenues	Volumes	\$'s
Commodity Purchase Volumes:	336,477,658	
Baja Path		646,786,139
Mission Path		100,098,441
Redwood Path		1,410,404,950
Silverado Path		129,910
Financial Option Premiums		9,233,774
Financial Options & F/F Settlements		(1,062,650)
Miscellaneous Costs & Credits		342,991
El Paso Transport Reimbursement Credit		(40,613)
Volumetric Transport Costs		22,093,036
Commodity Sales	(32,578,845)	(233,507,250)
Actual Commodity Costs-CPIM Year-12	303,898,813	\$ 1,954,478,728
<b>Demand charges (Less Broker Revenues)</b>		
Trans-Canada BC System	\$	11,970,542
California Gas Transmission		85,462,060
El Paso Natural Gas Company		19,172,987
Nova Gas Transmission Ltd.		28,066,905
Gas Transmission Northwest Corp.		54,997,481
Transwestern Pipeline Company		20,537,535
Actual Demand Charges		\$ 220,207,510
Actual Gas Costs - CPIM Year-12	303,898,813	\$ 2,174,686,238

Summary of Actual Costs  
CPIM Year-12  
Nov-2004-Oct-2005

**Pacific Gas and Electric Company**  
**Commodity Volumetric Transport Costs - CPIM Year-12**  
**November 1, 2004 - October 31, 2005**

CPIM Year-12	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Volumetric
Volumetric Transport	2004	2004	2005	2005	2005	2005	2005	2005	2005	2005	2005	2005	Transport
CGT-Baja	\$ 507,722	\$ 734,273	\$ 1,869,778	\$ 1,453,452	\$ 905,680	\$ 636,684	\$ 575,730	\$ 345,425	\$ 200,160	\$ 227,865	\$ 280,583	\$ 405,312	\$ 8,142,664
CGT City gate	-	-	-	-	-	-	-	-	-	-	(12,600)	-	(12,600)
CGT-Redwood	754,501	600,254	954,635	862,354	953,171	874,940	902,519	869,340	874,496	823,064	805,105	860,084	10,134,463
CGT California Producers	108	75	196	38	86	67	85	89	47	25	47	49	912
EPNG-Basin	100,621	136,763	138,424	121,123	117,791	104,294	105,837	99,307	48,617	52,872	64,770	93,083	1,183,502
EPNG-Topock	-	-	-	-	-	-	-	-	-	-	-	-	-
Kern River Daggett	-	-	-	-	-	-	-	-	-	-	-	-	-
Kern River Station	-	-	-	-	-	-	-	-	-	-	-	-	-
NGTL-AECO/NIT	84,057	105,227	-	1,014	1,038	-	-	-	-	-	-	-	191,336
GTNC-AII	174,368	182,704	181,472	164,672	182,591	167,403	172,637	164,495	170,423	162,398	151,926	-	1,875,089
TW Basin	91,980	94,129	95,101	85,800	53,193	1,922	686	-	1,228	-	-	153,831	577,870
TW Needles	-	-	-	-	-	-	-	-	-	-	-	-	-
TW Topock	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>Volumetric Transport Cost</b>	<b>\$ 1,713,357</b>	<b>\$ 1,853,425</b>	<b>\$ 3,239,606</b>	<b>\$ 2,688,453</b>	<b>\$ 2,213,550</b>	<b>\$ 1,785,310</b>	<b>\$ 1,757,494</b>	<b>\$ 1,478,656</b>	<b>\$ 1,294,971</b>	<b>\$ 1,266,224</b>	<b>\$ 1,289,831</b>	<b>\$ 1,512,359</b>	<b>\$ 22,093,236</b>

Volumetric Transport Cost  
CPIM Year-12

TABLE 2-6  
Summary of Miscellaneous Costs and Credits  
CPIM Year-12  
November 2004 through October 2005

Month Year 2004-2005	Broker Fees	Demand Fees	EPNG Transportation Reimbursement Credit	Negotiated Storage Charges	Total Miscellaneous Costs (Credits)
Nov-04	\$ 9,221	\$ 240,000	\$ (15,146)	\$ 10,500	\$ 244,575
Dec-04	8,278	-	(427)	-	7,851
Jan-05	5,067	-	(718)	-	4,349
Feb-05	7,003	-	(237)	-	6,766
Mar-05	4,672	-	(9,299)	-	(4,627)
Apr-05	4,687	-	(1,433)	4,000	7,254
May-05	9,006	-	(3,031)	16,300	22,275
Jun-05	4,186	-	(2,200)	-	1,986
Jul-05	4,969	-	(944)	-	4,025
Aug-05	3,584	-	(1,541)	-	2,043
Sep-05	4,772	-	(5,637)	-	(865)
Oct-05	6,746	-	-	-	6,746
Totals	\$ 72,191	\$ 240,000	\$ (40,613)	\$ 30,800	\$ 302,378

Miscellaneous  
Cost Credits  
CPIM Year-12  
Nov-2004 - Oct -2005

TABLE 2-7  
Summary of Options Premiums and Settlements In CPIM  
CPIM Year-12  
November 2004 - October 2005

Month Year	Option Premiums	Option-Swap Settlements	Total Derviatives
2004-2005			
Nov-04	\$ -	\$ -	\$ -
Dec-04	\$ 2,817,498		\$ 2,817,498
Jan-05	2,817,498		2,817,498
Feb-05	2,817,498		2,817,498
Mar-05	781,280	(1,062,650)	(281,370)
Apr-05	-		
May-05	-		
Jun-05	-		
Jul-05	-		
Aug-05	-		
Sep-05	-		
Oct-05	-		
Totals:	\$ 9,233,774	\$ (1,062,650)	\$ 8,171,124

Exhibit A-2

Note 1 Reconciliation to PGA Required

Option Premiums,  
Swap Settlements  
CPIM Year-12  
Nov-2004 - Oct-2005



**TABLE 2-8**  
**Summary of Actual Commodity Sales CPIM Year-12**  
**November 1, 2004 Through October 31, 2005**

CGT-City-gate	\$ (205,217,824)
EPNG-Basin	(5,426,262)
EPNG-Topock	(1,110,037)
NGTL-AECO/NIT	(17,543,233)
GTNC-ALL	(3,973,802)
Transwestern-Basin	(96,850)
Transwestern-Needles	(139,242)
<b>Total Sales-GCIM Year-12</b>	<b>\$ (233,507,250)</b>

Table 2-8  
Summary of Actual Sales  
CPIM Year-12

TABLE 2-11  
Summary of Commodity Volumetric Transport Costs  
CPIM-Year-12  
November 1, 2004 Through October 31, 2005

Pipeline Purchase Point		
CGT-Baja	\$	8,142,664
CGT-City gate		(12,800)
CGT-Redwood		10,134,463
CGT-California Producers		912
EPNG-Basin		1,183,502
NGTL-AECO/NIT		191,336
GTNC-ALL		1,875,089
Transwestern-Basin		577,870
Total Commodity Volumetric Transport Costs		\$ 22,093,036

TABLE 2-10  
Summary of Commodity  
Volumetric Transport Costs  
CPIM Year-12

**Pacific Gas and Electric Company**  
**Comparison of Daily Benchmark Commodity to Overview**  
**November 1, 2004 Through October 31, 2005**

Month	Commodity Benchmark	Daily Benchmark	Add: EPNG	Commodity Benchmark
Year	Overview	Summary	Transport Cr	Analysis
	a	b	c	(b+c)
Nov-04	\$ 203,520,068	\$ 203,535,214	\$ (15,146)	\$ 203,520,068
Dec-04	224,023,589	224,024,018	(427)	224,023,591
Jan-05	232,448,031	232,448,749	(718)	232,448,031
Feb-05	158,745,593	158,745,830	(237)	158,745,593
Mar-05	137,217,525	137,226,824	(9,299)	137,217,525
Apr-05	189,896,930	189,898,363	(1,433)	189,896,930
May-05	133,043,625	133,046,656	(3,031)	133,043,625
Jun-05	111,398,379	111,400,579	(2,200)	111,398,379
Jul-05	108,555,086	108,556,030	(944)	108,555,086
Aug-05	112,337,079	112,338,620	(1,541)	112,337,079
Sep-05	151,927,389	151,933,026	(5,637)	151,927,389
Oct-05	209,180,267	209,180,267	-	209,180,267
<b>Totals</b>	<b>\$ 1,972,293,561</b>	<b>\$ 1,972,334,176</b>	<b>\$ (40,613)</b>	<b>\$ 1,972,293,563</b>

**Note 1** the El Paso Transport Reimbursement Credit will be reported  
in the Miscellaneous Cost Component For actual expense credit.

Comparison of  
Commodity Benchmark  
to  
Daily Benchmark Summary

Pacific Gas and Electric Company  
Modified Determined Usage (Annual Report)  
CPIM year-12  
November 1, 2004 through October 31, 2005

Month Year	Burner Tip Modified Determined Usage	Burner Tip Modified Determined Gross-up	Modified Determined Convert MMBtus	Operating Imbalance Adjustment MMBtus	Predetermined Storage Inject (Withdrawal)	Benchmark Load at Citygate MMBtus
	a	b	c	d	e	f
		(a) x 1+.024)				© +(d)+(e)
Nov-04	312,093,460	319,583,703	31,958,374	10,894	(3,000,371)	28,968,897
Dec-04	433,060,363	443,453,812	44,345,383	39,926	(10,131,634)	34,253,675
Jan-05	488,540,290	498,799,634	49,879,966	78,101	(11,367,052)	38,591,015
Feb-05	310,064,629	316,575,985	31,657,600	116,555	(3,993,829)	27,780,326
Mar-05	252,908,071	258,219,139	25,821,915	102,100	(2,150,523)	23,773,492
Apr-05	220,994,488	225,635,370	22,563,539	(41,936)	6,385,456	28,907,059
May-05	158,751,611	162,085,395	16,208,542	(107,122)	4,634,579	20,735,999
Jun-05	138,531,593	141,440,756	14,144,078	(163,813)	4,865,575	18,845,839
Jul-05	121,562,447	124,115,258	12,411,528	(147,423)	4,778,796	17,042,901
Aug-05	124,028,528	126,633,127	12,663,312	(109,866)	4,298,134	16,851,580
Sep-05	138,569,800	141,479,767	14,147,981	(40,862)	3,735,893	17,843,012
Oct-05	168,328,368	171,863,265	17,186,325	8,950	3,302,164	20,497,439
Totals:						<u>294,091,234</u>

A-3                      294,091,236 MMBtus

TABLE 2-12  
Daily Benchmark Summary  
Indices(\$'s) at City-gate  
November 1, 2004 through October 31, 2005

Month Year	California Firm \$'s	Kingsgate	AECO	San Juan	Permian	Topock FIRM	Topock as Available	
Nov-04	\$ 7.443585	\$ 7.288128	\$ 7.061625	\$ 7.396714	\$ 7.339153	\$ 7.443585	\$ 6.082153	ok
Dec-04	\$ 6.451683	\$ 6.814948	\$ 6.590298	\$ 6.387344	\$ 6.534038	\$ 6.451683	\$ 7.038641	ok
Jan-05	\$ 5.955945	\$ 6.203053	\$ 5.991416	\$ 6.130546	\$ 5.962457	\$ 5.955945	\$ 6.030388	ok
Feb-05	\$ 5.885095	\$ 5.803104	\$ 5.592177	\$ 5.875547	\$ 5.910140	\$ 5.885095	\$ 6.032083	ok
Mar-05	\$ 5.763638	\$ 5.962665	\$ 5.749115	\$ 5.641799	\$ 5.920603	\$ 5.763638	\$ 7.036334	ok
Apr-05	\$ 6.775783	\$ 6.531524	\$ 6.323759	\$ 6.704293	\$ 6.789084	\$ 6.775783	\$ 7.125364	ok
May-05	\$ 6.623962	\$ 6.568278	\$ 6.364298	\$ 6.799916	\$ 6.684447	\$ 6.623962	\$ 6.475119	ok
Jun-05	\$ 5.794002	\$ 6.119764	\$ 5.911280	\$ 5.822422	\$ 6.046167	\$ 5.794002	\$ 5.900513	ok
Jul-05	\$ 6.492383	\$ 6.552247	\$ 6.341309	\$ 6.534294	\$ -	\$ 6.492383	\$ -	ok
Aug-05	\$ 6.401289	\$ 6.876874	\$ 6.660180	\$ 6.449294	\$ 7.197165	\$ 6.401289	\$ -	ok
Sep-05	\$ 8.820318	\$ 8.711725	\$ 8.491956	\$ 8.638032	\$ -	\$ 8.820318	\$ -	ok
Oct-05	\$ 9.964043	\$ 10.409732	\$ 10.190921	\$ 10.221050	\$ -	\$ 9.964043	\$ 11.163526	ok

Note 1 CA Firm & Topock Firm Same Index

Benchmark Index  
At PGE City-gate  
CPIM year-12  
Nov-2004 - Oct -2005

Pacific Gas and Electric Company  
Sequence Volumes and Commodity Benchmark Dollars  
CPIm Year-12  
November 1, 2004 through October 31, 2005

Month Year 2004-2005	City-gate Commodity Volume Load	Benchmark Average Price	Benchmark Dollars At City-gate	Add(Deduct) EPNG Credit	Benchmark Commodity CPIM year-12
	a	b	c	d	e
Nov-04	28,968,897	\$ 7.0260	\$ 203,535,214	\$ (15,146)	\$ 203,520,068
Dec-04	34,253,675	\$ 6.5401	224,024,016	(427)	224,023,589
Jan-05	38,591,015	\$ 6.0234	232,448,749	(718)	232,448,031
Feb-05	27,780,326	\$ 5.7143	158,745,830	(237)	158,745,593
Mar-05	23,773,492	\$ 5.7723	137,226,824	(9,299)	137,217,525
Apr-05	28,907,059	\$ 6.5693	189,898,363	(1,433)	189,896,930
May-05	20,735,999	\$ 6.4162	133,046,656	(3,031)	133,043,625
Jun-05	18,845,840	\$ 5.9111	111,400,579	(2,200)	111,398,379
Jul-05	17,042,901	\$ 6.3696	108,556,030	(944)	108,555,086
Aug-05	16,851,580	\$ 6.6664	112,338,620	(1,541)	112,337,079
Sep-05	17,843,012	\$ 8.5150	151,933,026	(5,637)	151,927,389
Oct-05	20,497,439	\$ 10.2052	209,180,267	-	209,180,267
Totals:	<u>294,091,235</u>		<u>\$ 1,972,334,174</u>	<u>\$ (40,613)</u>	<u>\$ 1,972,293,561</u>

Note 1	
PG&E	Overview:
Benchmark Commodity:	\$ 1,972,293,561

Benchmark Volumes -Dollars  
CPIM Year-12  
Annual Report  
Nov-2004 - Oct-2005

**Pacific Gas and Electric Company**  
**Benchmark Commodity Cost Components - CPIM Year-12**  
**November 2004 - October 2005**

<b>Commodity Benchmark Summary</b>											
<b>Month</b>	<b>California</b>	<b>Kingsgate</b>	<b>San Juan</b>	<b>AECO</b>	<b>Topock</b>	<b>Permian</b>	<b>Topock</b>	<b>Sub-Totals</b>	<b>EPNG</b>	<b>Total</b>	
<b>Year</b>	<b>Firm</b>				<b>Firm</b>		<b>As Available</b>	<b>Commodity</b>	<b>Pipeline</b>	<b>Commodity</b>	
								<b>Benchmark</b>	<b>Credit</b>	<b>Benchmark</b>	
Nov-04	\$ 1,116,540	\$ 5,048,040	\$ 53,649,775	\$ 120,444,270	\$ -	\$ 359,926	\$ 22,916,663	\$ 203,535,214	\$ (15,146)	\$ 203,520,068	
Dec-04	999,998	5,188,191	51,704,925	115,798,237	34,795,514	6,603,658	8,933,493	\$ 224,024,016	(427)	\$ 224,023,589	
Jan-05	923,180	5,434,641	58,043,161	104,550,910	46,990,615	8,109,693	8,396,549	\$ 232,448,749	(718)	\$ 232,448,031	
Feb-05	823,900	4,446,932	49,165,845	88,256,700	11,570,967	4,352,321	129,165	\$ 158,745,830	(237)	\$ 158,745,593	
Mar-05	893,358	4,458,947	28,166,325	98,382,856	-	325,340	4,999,998	\$ 137,226,824	(9,299)	\$ 137,217,525	
Apr-05	1,016,370	4,303,170	31,174,950	107,866,890	-	-	45,536,983	\$ 189,898,363	(1,433)	\$ 189,896,930	
May-05	1,026,720	3,906,372	13,710,495	112,258,270	-	-	2,144,799	\$ 133,046,656	(3,031)	\$ 133,043,625	
Jun-05	869,100	3,142,920	6,017,129	101,313,959	-	-	57,471	\$ 111,400,579	(2,200)	\$ 111,398,379	
Jul-05	1,006,322	4,635,585	10,465,817	92,448,306	-	-	-	\$ 108,556,030	(944)	\$ 108,555,086	
Aug-05	992,186	4,707,939	126,826	106,511,669	-	-	-	\$ 112,338,620	(1,541)	\$ 112,337,079	
Sep-05	1,323,060	5,361,900	13,389,030	131,859,036	-	-	-	\$ 151,933,026	(5,637)	\$ 151,927,389	
Oct-05	1,544,420	6,397,563	20,219,739	179,485,458	-	-	1,533,087	\$ 209,180,267	-	\$ 209,180,267	
Totals	\$ 12,535,154	\$ 57,032,200	\$ 335,834,017	\$ 1,359,176,561	\$ 93,357,096	\$ 19,750,938	\$ 94,648,208	\$ 1,972,334,174	\$ (40,613)	\$ 1,972,293,561	
Note 1	PG&E Table II Overview		\$ 1,972,293,561								

Benchmark Market Components  
CPIM Year-12  
Nov-2004 Oct-2005

**TABLE 2-2a**  
**Benchmark Cost Components**  
**CPIM Year-12**

November 2004 - October 2005	
Benchmark Market Commodity:	
California Firm	\$ 12,535,154
Kingsgate	57,032,200
San Juan	335,834,017
AECO	1,359,176,561
Topock Firm	93,357,096
Permian	19,750,938
Topock-As Available	94,648,208
Sub-total:	1,972,334,174
EPNG Pipeline Credit	(40,613)
Benchmark Commodity Components:	1,972,293,561
Pipeline Demand Charges	
Trans-Canada BC System	\$ 11,839,302
California Gas Transmission	86,450,665
El Paso Natural Gas Company	19,949,353
Nova Gas Transmission, Ltd.	28,720,064
Gas Transmission Northwest Corp.	56,644,924
Transwestern Pipeline Company	22,027,725
Demand Charge Cost Components:	\$ 225,632,033
 Benchmark Cost Components:	 \$ 2,197,925,594
PG&E Table II Overview: \$2,197,925,594	

Table 2-xx  
Benchmark Cost Components  
CPIM Year-12  
Nov-2004 - Oct-2005



**Pacific Gas and Electric Company**  
**Benchmark Demand Charges - CPIM Year-12**  
**November 1, 2004 Through October 31, 2005**

**Demand Charge Summary**

Month Year	Trans-Canada BC System	California Gas Transmission	El Paso Natural Gas	Nova Gas Transmission	Gas Transmission NorthWest Corp	Transwestern Pipeline Company	Benchmark Demand Charges	PG&E WKPR Ref
Nov-04	\$ 961,064	\$ <b>6,356,302</b>	\$ 1,705,439	\$ 2,632,480	\$ 4,727,819	\$ 1,812,600	\$ 18,195,704	2005-02
Dec-04	940,567	<b>8,207,657</b>	1,716,512	2,576,337	4,648,892	1,873,020	19,962,985	2005-08
Jan-05	978,952	<b>9,950,552</b>	1,750,441	2,316,075	4,727,819	1,873,020	21,596,859	2005-14
Feb-05	978,637	<b>9,963,700</b>	1,748,941	2,315,330	4,727,819	1,691,760	21,426,187	2005-20
Mar-05	996,756	<b>7,440,035</b>	1,744,796	2,358,197	4,727,819	1,873,020	19,140,623	205-26
Apr-05	972,049	<b>6,359,590</b>	1,744,803	2,299,742	4,727,819	1,812,600	17,916,603	2005-32
May-05	961,318	<b>6,359,147</b>	1,647,000	2,274,354	4,727,819	1,873,020	17,842,658	2005-38
Jun-05	984,984	<b>6,357,964</b>	1,110,432	2,330,344	4,717,842	1,812,600	17,314,166	2005-44
Jul-05	986,365	<b>6,356,342</b>	1,695,835	2,333,611	4,727,819	1,873,020	17,972,992	2005-50
Aug-05	1,014,536	<b>6,357,315</b>	1,695,062	2,400,261	4,727,819	1,873,020	18,068,013	2005-56
Sep-05	1,033,672	<b>6,371,209</b>	1,695,061	2,445,535	4,727,819	1,812,600	18,085,896	2005-62
Oct-05	1,030,402	<b>6,370,852</b>	1,695,031	2,437,798	4,727,819	1,847,445	18,109,347	2005-68
Totals:	\$ 11,839,302	\$ 86,450,665	\$ 19,949,353	\$ 28,720,064	\$ 56,644,924	\$ 22,027,725	\$ 225,632,033	

Benchmark Demand  
Charges  
CPIM Year-12

Pacific Gas and Electric Company  
Summary of Actual Demand Charges  
CPIM Year-12  
November 1, 2004 Through October 31, 2005

Month	Trans-Canada	California Gas	El Paso	Nova Gas	Gas Transmission	Transwestern	Total	PG&E
Year	BC-System	Transmission	Natural Gas	Transmission, Ltd.	Northwest Corp.	Pipeline Company	Actual Demand	WKPR Ref.
<b>2004-2005</b>								
<b>Nov-04</b>	\$ 961,064	\$ 6,347,902	\$ 1,664,816	\$ 2,632,480	\$ 4,727,819	\$ 1,812,600	\$ 18,146,681	2005-02
<b>Dec-04</b>	984,054	8,198,977	1,716,512	2,677,323	4,648,892	1,873,020	20,098,778	2005-08
<b>Jan-05</b>	1,024,214	9,941,872	1,750,441	2,406,859	4,727,819	1,873,020	21,724,225	2005-14
<b>Feb-05</b>	1,023,884	9,955,860	1,748,941	2,406,085	4,727,819	1,691,760	21,554,349	2005-20
<b>Mar-05</b>	1,042,841	7,431,355	1,744,796	2,450,632	4,727,819	1,842,620	19,240,063	2005-26
<b>Apr-05</b>	965,250	6,251,167	1,744,803	2,269,499	4,492,470	1,494,900	17,218,089	2005-32
<b>May-05</b>	954,595	6,250,444	1,647,000	2,221,914	4,492,470	1,789,320	17,355,743	2005-38
<b>Jun-05</b>	978,095	6,180,916	1,110,432	2,237,810	4,482,493	1,719,600	16,709,346	2005-44
<b>Jul-05</b>	979,466	6,222,839	1,578,035	2,259,605	4,492,470	1,705,000	17,237,415	2005-50
<b>Aug-05</b>	1,007,441	6,217,612	1,433,478	2,222,053	4,492,470	1,649,820	17,022,874	2005-56
<b>Sep-05</b>	1,026,443	6,200,967	1,464,562	2,177,978	4,492,470	1,456,980	16,819,400	2005-62
<b>Oct-05</b>	1,023,195	6,262,149	1,569,171	2,104,667	4,492,470	1,628,895	17,080,547	2005-68
<b>Totals</b>	\$ 11,970,542	\$ 85,462,060	\$ 19,172,987	\$ 28,066,905	\$ 54,997,481	\$ 20,537,535	\$ 220,207,510	

PG&E Over-view Table II	\$220,207,510
-------------------------	---------------

Demand Charges-Actual  
PGE CPIM Year-12  
NOV-2004-Oct-2005

**Pacific Gas and Electric Company**  
**Trans-Canada BC, Demand Charges and Brokered Capacity**  
**CPIM Year-12**  
**November 1, 2004 Through October 31, 2005**

Month Year	Demand Charge	Additional Capacity	Brokered Revenue	Net Adds & Deduct	Net Demand Charge	Benchmark Demand Fixed Transport Chg.
<b>2004-2005</b>						
	a	b	c	(b + c) d	a + d e	Tariff Rate f
Nov-04	\$ 961,064	-	-	\$ -	\$ 961,064	\$ 961,064
Dec-04	940,567	43,487	-	43,487	984,054	940,567
Jan-05	978,952	45,262	-	45,262	1,024,214	978,952
Feb-05	978,637	45,247	-	45,247	1,023,884	978,637
Mar-05	996,756	46,085	-	46,085	1,042,841	996,756
Apr-05	972,049	44,942	(51,741)	(6,799)	965,250	972,049
May-05	961,318	44,446	(51,169)	(6,723)	954,595	961,318
Jun-05	984,984	45,540	(52,429)	(6,889)	978,095	984,984
Jul-05	986,365	45,604	(52,503)	(6,899)	979,466	986,365
Aug-05	1,014,536	46,907	(54,002)	(7,095)	1,007,441	1,014,536
Sep-05	1,033,672	47,792	(55,021)	(7,229)	1,026,443	1,033,672
Oct-05	1,030,402	47,640	(54,847)	(7,207)	1,023,195	1,030,402
<b>Totals:</b>	<b>\$ 11,839,302</b>	<b>502,952</b>	<b>(371,712)</b>	<b>\$ 131,240</b>	<b>\$ 11,970,542</b>	<b>\$ 11,839,302</b>
	N-1	N-2				N-1

Trans-Canada

Net Demand: A-4-1

A-4-2

A-4-1

	Actual	Benchmark	Net Adds(Deducts)
Demand	\$ 11,839,302		
Added Capacity	502,952		
Sub-total:	12,342,254	\$ 11,839,302	\$ 502,952
Broker Revenue	(371,712)	\$ -	(371,712)
Net Demand:	11,970,542	\$ 11,839,302	\$ 131,240

Demand Charges  
Trans-Canada BC System  
Actual Capacity Charges  
CPIM year-12

Pacific Gas and Electric Company  
California Gas Transmission Actual Demand Charges-CPIM Year-12  
November 1, 2004 Through October 31, 2005

Month	Demand Charges By Pipeline Path						Sub-total	Brokered Revenues By Pipeline Path					Sub-total
Year	Baja	Mission	Redwood	Silverado	ADD;		Demand &	Baja	Mission	Redwood	Silverado		Brokered
2004-2005	Path	Path	Path	Path	Storage		Storage	Path	Path	Path	Path		Revenues
	a	b	c	d	e		f	g	h	i	j		k
Nov-04	\$ 1,466,894	\$ -	\$ 1,731,036	\$ 12,271	\$ 3,146,101		\$ 6,356,302		\$ -		\$ (9,817)		\$ (9,817)
Dec-04	\$ 3,319,742	\$ -	\$ 1,730,163	\$ 12,271	\$ 3,145,481		\$ 8,207,657		-		\$ (9,817)		\$ (9,817)
Jan-05	\$ 4,511,855	\$ -	\$ 1,993,692	\$ 14,845	\$ 3,430,160		\$ 9,950,552		-		\$ (11,876)		\$ (11,876)
Feb-05	\$ 4,520,862	\$ -	\$ 1,997,833	\$ 14,845	\$ 3,430,160		\$ 9,963,700		-		(11,876)		\$ (11,876)
Mar-05	\$ 1,997,424	\$ -	\$ 1,997,606	\$ 14,845	\$ 3,430,160		\$ 7,440,035		-		(11,876)		\$ (11,876)
Apr-05	\$ 908,222	\$ -	\$ 1,996,866	\$ 14,845	\$ 3,439,657		\$ 6,359,590		-	(100,023)	(11,876)		\$ (111,899)
May-05	\$ 908,223	\$ -	\$ 1,996,422	\$ 14,845	\$ 3,439,657		\$ 6,359,147		-	(100,023)	(11,876)		\$ (111,899)
Jun-05	\$ 908,223	\$ -	\$ 1,995,239	\$ 14,845	\$ 3,439,657		\$ 6,357,964	(87,893)	-	(100,023)	(11,876)		\$ (199,792)
Jul-05	\$ 908,223	\$ -	\$ 1,995,389	\$ 14,845	\$ 3,437,885		\$ 6,356,342	(117,190)	-	(100,023)	(11,876)		\$ (229,089)
Aug-05	\$ 908,223	\$ -	\$ 1,996,362	\$ 14,845	\$ 3,437,885		\$ 6,357,315	(292,975)	-	(100,023)	(11,876)		\$ (404,874)
Sep-05	\$ 908,223	\$ -	\$ 2,010,256	\$ 14,845	\$ 3,437,885		\$ 6,371,209	(247,822)	-	(100,024)	(11,876)		\$ (359,722)
Oct-05	\$ 908,223	\$ -	\$ 2,009,899	\$ 14,845	\$ 3,437,885		\$ 6,370,852	-	-	(100,023)	(11,876)		\$ (111,899)
									-				
Totals:	\$ 22,174,337	\$ -	\$ 23,450,763	\$ 172,992	\$ 40,652,573		\$ 86,450,665	\$ (745,880)	\$ -	\$ (700,162)	\$ (138,394)		\$ (1,584,436)

Note 1	Benchmark Demand Charge:	\$	86,450,665
Note 2	A-4-2 Actual	\$	85,462,060
Note 3	Baja DC R Actual		559,637
Note 3	Silverado Actual	\$	36,194

Discounted		Net	
Capacity		Actual	
Release		Demand	
l		m	
\$	1,417	\$	6,347,902
	1,137	\$	8,198,977
	3,196	\$	9,941,872
	4,036	\$	9,955,860
	3,196	\$	7,431,355
	3,476	\$	6,251,167
	3,196	\$	6,250,444
	22,744	\$	6,180,916
	95,586	\$	6,222,839
	265,171	\$	6,217,612
	189,480	\$	6,200,967
	3,196	\$	6,262,149
\$ 595,831		\$ 85,462,060	

Pacific Gas and electric Company  
EI Paso Natural Gas Company-Actual Demand Charges  
November 1, 2004 through October 31, 2005

Month Year	Demand Charges	Additional Capacity	Brokered Revenues	Net Demand	Benchmark Demand
2004-2005					
	a	b	c	d	Memo
Nov-04	\$ 1,705,439	\$ -	\$ (40,623)	\$ 1,664,816	\$ 1,705,439
Dec-04	\$ 1,716,512	\$ -	\$ -	\$ 1,716,512	1,716,512
Jan-05	\$ 1,750,441	\$ -	\$ -	\$ 1,750,441	1,750,441
Feb-05	\$ 1,748,941	\$ -	\$ -	\$ 1,748,941	1,748,941
Mar-05	\$ 1,744,796	\$ -	\$ -	\$ 1,744,796	1,744,796
Apr-05	\$ 1,744,803	\$ -	\$ -	\$ 1,744,803	1,744,803
May-05	\$ 1,647,000	\$ -	\$ -	\$ 1,647,000	1,647,000
Jun-05	\$ 1,110,432	\$ -	\$ -	\$ 1,110,432	1,110,432
Jul-05	\$ 1,695,835	\$ -	\$ (117,800)	\$ 1,578,035	1,695,835
Aug-05	\$ 1,695,062	\$ -	\$ (261,584)	\$ 1,433,478	1,695,062
Sep-05	\$ 1,695,061	\$ -	\$ (230,499)	\$ 1,464,562	1,695,061
Oct-05	\$ 1,695,031	\$ -	\$ (125,860)	\$ 1,569,171	1,695,031
Totals	<u>\$ 19,949,353</u>	<u>\$ -</u>	<u>\$ (776,366)</u>	<u>\$ 19,172,987</u>	<u>\$ 19,949,353</u>
Note 1	A-4-1	Benchmark	\$ 19,949,353		
Note 2	A-4-2	Actual	\$ 19,172,987		

EI Paso Natural Gas  
Summary of Actual  
Demand Charges  
CPIM Year-12

Pacific Gas and Electric Company  
Nova Gas Transmission Ltd.  
Summary of Actual Demand Charges-CPIM Year-12  
November 1, 2004 Through October 31, 2005

Month Year 2004-2005	Demand Charges a	Additional Capacity b	Brokering Revenues c	Discounted Capacity Release d	Net Demand Charges e	Benchmark Demand Charges Memo
Nov-04	\$ 2,632,480	\$ -	\$ -	\$ -	\$ 2,632,480	\$ 2,632,480
Dec-04	2,576,337	100,986	-	-	2,677,323	2,576,337
Jan-05	2,316,075	90,784	-	-	2,406,859	2,316,075
Feb-05	2,315,330	90,755	-	-	2,406,085	2,315,330
Mar-05	2,358,197	92,435	-	-	2,450,632	2,358,197
Apr-05	2,299,742	90,144	(120,387)	-	2,269,499	2,299,742
May-05	2,274,354	89,149	(150,382)	8,793	2,221,914	2,274,354
Jun-05	2,330,344	91,344	(203,437)	19,559	2,237,810	2,330,344
Jul-05	2,333,611	91,472	(165,478)	-	2,259,605	2,333,611
Aug-05	2,400,261	94,084	(272,292)	-	2,222,053	2,400,261
Sep-05	2,445,535	95,859	(363,416)	-	2,177,978	2,445,535
Oct-05	2,437,798	95,556	(429,956)	1,269	2,104,667	2,437,798
Totals:	<u>\$ 28,720,064</u>	<u>\$ 1,022,568</u>	<u>\$ (1,705,348)</u>	<u>\$ 29,621</u>	<u>\$ 28,066,905</u>	<u>\$ 28,720,064</u>
Note 1	Benchmark	\$ 28,720,064				
Note 2	Actual	\$ 28,066,985				

Nova Gas Transmission, LTd..  
Summary of Demand Charges  
Actual  
CPIM Year-12

Pacific Gas and Electric Company  
Gas Transmission Northwest Corporation  
Summary of Actual Demand Charges-CPIM Year-12  
November 1, 2004 Through October 31, 2005

Month Year	Demand Charge	Additional Capacity	Brokering Revenue	Discount Capacity Release	Net Demand Charges	Benchmark Demand Charges
2004-2005	a	b	c	d	e	Memo
Nov-04	\$ 4,727,819	\$ -	\$ -	\$ -	\$ 4,727,819	\$ 4,727,819
Dec-04	4,648,892	\$ -	\$ -	\$ -	4,648,892	4,648,892
Jan-05	4,727,819	\$ -	\$ -	\$ -	4,727,819	4,727,819
Feb-05	4,727,819	\$ -	\$ -	\$ -	4,727,819	4,727,819
Mar-05	4,727,819	\$ -	\$ -	\$ -	4,727,819	4,727,819
Apr-05	4,727,819	\$ -	(235,349)	\$ -	4,492,470	4,727,819
May-05	4,727,819	\$ -	(235,349)	\$ -	4,492,470	4,727,819
Jun-05	4,717,842	\$ -	(235,349)	\$ -	4,482,493	4,717,842
Jul-05	4,727,819	\$ -	(235,349)	\$ -	4,492,470	4,727,819
Aug-05	4,727,819	\$ -	(235,349)	\$ -	4,492,470	4,727,819
Sep-05	4,727,819	\$ -	(235,349)	\$ -	4,492,470	4,727,819
Oct-05	4,727,819	\$ -	(235,349)	\$ -	4,492,470	4,727,819
Totals:	\$ 56,644,924	\$ -	\$ (1,647,443)	\$ -	\$ 54,997,481	\$ 56,644,924

Note 1	A-4-1	Benchmark	\$ 56,644,924
Note 2	A-4-2	Actual	\$ 54,997,481

Gas Transmission Northwest  
Corporation  
Actual Demand Charges  
CPIM Year-12



Pacific Gas and Electric Company  
Transwestern Pipeline Company  
Summary of Actual Demand Charges-CPIM Year-12  
November 1, 2004 Through October 31, 2005

Month						
Year	Demand	Additional	Brokering	Discount	Net	
2004-2005	Charge	Capacity	Revenues	Capacity	Demand	
				Release	Charge	
	a	b	c	d	e	
Nov-04	\$ 1,812,600	\$ -	\$ -	\$ -	\$ 1,812,600	
Dec-04	1,873,020	-	\$ -	\$ -	\$ 1,873,020	
Jan-05	1,873,020	-	\$ -	\$ -	\$ 1,873,020	
Feb-05	1,691,760	-	\$ -	\$ -	\$ 1,691,760	
Mar-05	1,873,020	-	\$ (30,400)	\$ -	\$ 1,842,620	
Apr-05	1,812,600	-	\$ (317,700)	\$ -	\$ 1,494,900	
May-05	1,873,020	-	\$ (83,700)	\$ -	\$ 1,789,320	
Jun-05	1,812,600	-	\$ (93,000)	\$ -	\$ 1,719,600	
Jul-05	1,873,020	-	\$ (168,020)	\$ -	\$ 1,705,000	
Aug-05	1,873,020	-	\$ (223,200)	\$ -	\$ 1,649,820	
Sep-05	1,812,600	-	\$ (355,620)	\$ -	\$ 1,456,980	
Oct-05	1,847,445	-	\$ (218,550)	\$ -	\$ 1,628,895	
Totals:	\$ 22,027,725	\$ -	\$ (1,490,190)	\$ -	\$ 20,537,535	

Benchmark
Demand
Charges
Memo
\$ 1,812,600
1,873,020
1,873,020
1,873,020
1,691,760
1,873,020
1,812,600
1,873,020
1,812,600
1,873,020
1,705,000
1,873,020
1,649,820
1,812,600
1,847,445
\$ 22,027,725

Note 1 A-4-1 Benchmark \$ 22,027,725  
Note 2 A-4-2 Actual \$ 20,537,535

Transwestern Pipeline Company  
Demand Charges Actual  
CPIM Year-12

Pacific Gas and Electric Company  
Summary of All Brokering Revenues  
CPIM Year-12  
November 1, 2004 Through October 31, 2005

Brokering Revenues:										ALL Brokering Revenues
Month	CGT	CGT	CGT	Nova Gas	EPNG	Trans-Western	Trans-Canada	GTNC		
Year	Silverado	Redwood	Baja	Transmission	Pipeline	Pipeline	BC System	Pipeline		
2004-2005										
Nov-04	\$ (9,817)				\$ (40,623)					\$ (50,440)
Dec-04	(9,817)									(9,817)
Jan-05	(11,876)									(11,876)
Feb-05	(11,876)									(11,876)
Mar-05	(11,876)					\$ (30,400)				(42,276)
Apr-05	(11,876)	\$ (100,023)		\$ (120,387)		(317,700)	\$ (51,741)	\$ (235,349)		(837,076)
May-05	(11,876)	(100,023)		(150,382)		(83,700)	(51,169)	(235,349)		(632,499)
Jun-05	(11,876)	(100,023)	\$ (87,893)	(203,437)		(93,000)	(52,429)	(235,349)		(784,007)
Jul-05	(11,876)	(100,023)	(117,190)	(165,478)	(117,800)	(168,020)	(52,503)	(235,349)		(968,239)
Aug-05	(11,876)	(100,023)	(292,975)	(272,292)	(261,584)	(223,200)	(54,002)	(235,349)		(1,451,301)
Sep-05	(11,876)	(100,024)	(247,822)	(363,416)	(230,499)	(355,620)	(55,021)	(235,349)		(1,599,627)
Oct-05	(11,876)	(100,023)		(429,956)	(125,860)	(218,550)	(54,847)	(235,349)		(1,176,461)
										-
Totals:	\$ (138,394)	\$ (700,162)	\$ (745,880)	\$ (1,705,348)	\$ (776,366)	\$ (1,490,190)	\$ (371,712)	\$ (1,647,443)	\$ (7,575,495)	
Note 1:	\$ (138,394)	\$ (700,162)	\$ (745,880)	\$ (1,705,348)	\$ (776,366)	\$ (1,490,190)	\$ (371,712)	\$ (1,647,443)	\$ (7,575,495)	
	A-4-4	A-4-4	A-4-4	A-4-6	A-4-5	A-4-8	A-4-3	A-4-7	Agrees	
Note 2	Summary: All Brokered Revenues:									\$ (7,575,495)
Note 3	All Discount Capacity Expense: Exhibit A-4-10									\$ 625,452

Brokering Revenue-ALL  
CPIM Year-12  
Nov-2004 - Oct-2005

Pacific Gas and Electric Company  
Reconciliation of Discount Capacity Release-CPIM Year-12  
November 1, 2004 Through October 31, 2005

Pipeline	Transaction	Term	Discount
Reference	Month		Capacity Rel.
CGT-Silverado Path	Nov-04	11/4-3/05	\$ 1,417
CGT-Silverado Path	Dec-04	11/4-3/05	\$ 1,137
CGT-Silverado Path	Jan-05	11/4-3/05	\$ 3,196
CGT-Silverado Path	Feb-05	11/4-3/05	\$ 4,036
CGT-Silverado Path	Mar-05	11/4-3/05	\$ 3,196
CGT-Silverado Path	Apr-05	11/4-3/05	\$ 3,476
CGT-Silverado Path	May-05	04/05-10/31/05	\$ 3,196
CGT-Silverado Path	Jun-05	04/05-10/31/05	\$ 3,476
CGT-Silverado Path	Jul-05	04/05-10/31/05	\$ 3,196
CGT-Silverado Path	Aug-05	04/05-10/31/05	\$ 3,196
CGT-Silverado Path	Sep-05	04/05-10/31/05	\$ 3,476
CGT-Silverado Path	Oct-05	04/05-10/31/05	\$ 3,196
Totals Silverado Path			<u>\$ 36,194</u>

Pipeline	Transaction	Term	Discount
Reference	Month		Capacity Rel.
CGT-Baja Path	Jun-05	06-1-05/06-30-05	\$ 19,268
CGT-Baja Path	Jul-05	07-01-05/07-31-05	\$ 92,390
CGT-Baja Path	Aug-05	08-01-05/08-31-05	\$ 261,975
CGT-Baja Path	Sep-05	09-01-05/09-30-05	\$ 186,004
Total Baja Path			<u>\$ 559,637</u>

Pipeline	Transaction	Term	Discount
Reference	Month		Capacity Rel.
Nova	May-05	5/31/2005	\$ 8,793
Nova	Jun-05		\$ 19,559
Nova	Oct-06		\$ 1,269
			<u>\$ 29,621</u>

Pipeline	Summary	Discount
Reference	ALL	Capacity Rel.
CGT	Silverado	All \$ 36,194
CGT	Baja	All 559,637
Nova	Nova	All 29,621
Discount Capacity Release	All	<u>\$ 625,452</u>

PGE CPIM Year 12  
Discount Capacity Release  
Nov-2004 Through Oct-2005

TABLE 2-9  
Reconciliation of Brokered Revenue & Discount Capacity Release  
CPIM Year-12  
November 1, 2004 through October 31, 2005

Pipeline Path:	Brokered	Discount	Net
CPIM-Year-12	Revenues	Capacity Release	Brokered Revenues
CGT-Silverado	\$ (138,394)	\$ 36,194	\$ (102,200)
CGT-Redwood	(700,162)	-	(700,162)
CGT-Baja	(745,880)	559,637	(186,243)
Nova Gas Transmission, Ltd.	(1,705,348)	29,621	(1,675,727)
El Paso Natural Gas Co.	(776,366)		(776,366)
Trans-Canada BC System	(371,712)	-	(371,712)
Gas Transmission Northwest Corporation	(1,647,443)	-	(1,647,443)
Trans-Western Pipeline Co.	(1,490,190)	-	(1,490,190)
Totals:	<u>\$ (7,575,495)</u>	<u>\$ 625,452</u>	<u>\$ (6,950,043)</u>
	A-4-9	A-4-10	

Reconciliation  
Brokered Revenues  
And  
Discount Capacity Release  
CPIM Year-12

**Table 2-10**  
**Reconciliation of Demand Charges**  
**November 1, 2004 through October 31, 2005**

Pipeline Description	Demand	Additional	Brokered	Discounted	Add	Net
CPIM Year-12	Charges	Capacity	Revenue	Capacity	Storage	Actual
Nov-2004 - Oct-2005		Purchases	Credits	Release		Demand
Trans-Canada BC System	\$ 11,839,302	\$ 502,952	\$ (371,712)	\$ -		\$ 11,970,542
California Gs Transmission	45,798,092	-	(1,584,436)	595,831	40,652,573	85,462,060
El Paso Natural Gas Company	19,949,353	-	(776,366)	-	-	19,172,987
Nova Gas Transmission Limited	28,720,064	1,022,568	(1,705,348)	29,621	-	28,066,905
Gas Transmission Northwest Corporation	56,644,924	-	(1,647,443)	-	-	54,997,481
Transwestern Pipeline Company	22,027,725	-	(1,490,190)	-	-	20,537,535
Total Actual Demand Detail	\$ 184,979,460	\$ 1,525,520	\$ (7,575,495)	\$ 625,452	\$ 40,652,573	\$ 220,207,510

Table 2-10  
Reconciliation of  
All Demand Charges  
CPIM Year-12

Table 2-14  
Reconciliation of Actual Demand Charges to Benchmark Demand charges  
CPIM Year-12  
November 1, 2004 through October 31, 2005

Pipeline Demand	Actual Demand Charges	Add Storage	CPIM Net Actual Demand	Add (Deduct) Additional Capacity Purchases	Add Brokers Revenue Credits	Deduct: Discount Capacity Release	Benchmark Demand Charges CPIM Year-12
<b>Canadian Pipeline Path</b>							
Trans-Canada BC System	\$ 11,970,542		\$ 11,970,542		\$ 371,712	(502,952)	\$ 11,839,302
Nova Gas Transmission, Ltd.	28,066,905		28,066,905	(1,022,568)	1,705,348	(29,621)	28,720,064
Sub-total:	\$ 40,037,447		\$ 40,037,447	(1,022,568)	\$ 2,077,060	(532,573)	\$ 40,559,366
<b>Interstate Pipeline Path</b>							
Gas Transmission NW Corp.	\$ 54,997,481		\$ 54,997,481		\$ 1,647,443	\$ -	\$ 56,644,924
El Paso Natural Gas	19,172,987		19,172,987	-	776,366	-	19,949,353
Transwestern Pipeline Co.	20,537,535		20,537,535		1,490,190		22,027,725
Sub-total:	\$ 94,708,003		\$ 94,708,003	\$ -	\$ 3,913,999	\$ -	\$ 98,622,002
<b>Intra-state Transport &amp; Storage</b>							
California Gas Transmission:	\$ 44,809,487	\$ 40,652,573	\$ 85,462,060	-	\$ 1,584,436	\$ (595,831)	\$ 86,450,665
Actual Demand to Benchmark:	\$ 179,554,937	\$ 40,652,573	\$ 220,207,510	\$ (1,022,568)	\$ 7,575,495	\$ (1,128,404)	\$ 225,632,033

Table 2-13  
Actual Demand Charge  
To  
Benchmark Demand Charge

Pacific Gas and Electric Company  
Fixed Transportation and Storage Costs - CPIM Year-12  
November 1, 2004 Through October 31, 2005

Month	Canadian Pipeline Path			U.S. Interstate Fixed Transportation Costs				Intra-State Fixed Transport & S		
Year	Trans-Canada	Nova Gas	Total Canada	Gas	El Paso	Transwestern	Total Inter-State	CGT	CGT	CGT
2004-	BC System	Transmission	Pipeline	Transmission	Natural	Pipeline	Transport	On Baja	On Redwood	ON Silverado
-2005	Ltd.		Path	Northwest Corp.	Gas Co.	Company	Costs	Path	Path	Path
			a				b			
Nov-04	\$ 961,064	\$ 2,632,480	\$ 3,593,544	\$ 4,727,819	\$ 1,705,439	\$ 1,812,600	\$ 8,245,858	\$ 1,466,894	\$ 1,731,036	\$ 12,271
Dec-04	\$ 940,567	\$ 2,576,337	\$ 3,516,904	\$ 4,648,892	\$ 1,716,512	\$ 1,873,020	\$ 8,238,424	\$ 3,319,742	\$ 1,730,163	\$ 12,271
Jan-05	\$ 978,952	\$ 2,316,075	\$ 3,295,027	\$ 4,727,819	\$ 1,750,441	\$ 1,873,020	\$ 8,351,280	\$ 4,511,855	\$ 1,993,692	\$ 14,845
Feb-05	\$ 978,637	\$ 2,315,330	\$ 3,293,967	\$ 4,727,819	\$ 1,748,941	\$ 1,691,760	\$ 8,168,520	\$ 4,520,862	\$ 1,997,833	\$ 14,845
Mar-05	\$ 996,756	\$ 2,358,197	\$ 3,354,953	\$ 4,727,819	\$ 1,744,796	\$ 1,873,020	\$ 8,345,635	\$ 1,997,424	\$ 1,997,606	\$ 14,845
Apr-05	\$ 972,049	\$ 2,299,742	\$ 3,271,791	\$ 4,727,819	\$ 1,744,803	\$ 1,812,600	\$ 8,285,222	\$ 908,222	\$ 1,996,866	\$ 14,845
May-05	\$ 961,318	\$ 2,274,354	\$ 3,235,672	\$ 4,727,819	\$ 1,647,000	\$ 1,873,020	\$ 8,247,839	\$ 908,223	\$ 1,996,422	\$ 14,845
Jun-05	\$ 984,984	\$ 2,330,344	\$ 3,315,328	\$ 4,717,842	\$ 1,110,432	\$ 1,812,600	\$ 7,640,874	\$ 908,223	\$ 1,995,239	\$ 14,845
Jul-05	\$ 986,365	\$ 2,333,611	\$ 3,319,976	\$ 4,727,819	\$ 1,695,835	\$ 1,873,020	\$ 8,296,674	\$ 908,223	\$ 1,995,389	\$ 14,845
Aug-05	\$ 1,014,536	\$ 2,400,261	\$ 3,414,797	\$ 4,727,819	\$ 1,695,062	\$ 1,873,020	\$ 8,295,901	\$ 908,223	\$ 1,996,362	\$ 14,845
Sep-05	\$ 1,033,672	\$ 2,445,535	\$ 3,479,207	\$ 4,727,819	\$ 1,695,061	\$ 1,812,600	\$ 8,235,480	\$ 908,223	\$ 2,010,256	\$ 14,845
Oct-05	\$ 1,030,402	\$ 2,437,798	\$ 3,468,200	\$ 4,727,819	\$ 1,695,031	\$ 1,847,445	\$ 8,270,295	\$ 908,223	\$ 2,009,899	\$ 14,845
Totals:	\$ 11,839,302	\$ 28,720,064	\$ 40,559,366	\$ 56,644,924	\$ 19,949,353	\$ 22,027,725	\$ 98,622,002	\$ 22,174,337	\$ 23,450,763	\$ 172,992

Note 1	PG&E Overview Table II	\$ 225,632,033
--------	------------------------	----------------

PG  
Fixed Transport Storage  
CPIM Year-12  
Nov-2004 - Oct-2005

Storage		Total	CPIM-Year-12
Sub-total	CGT	Intrastat	Fixed
Fixed	Fixed	Transport	All Storage
Transport	Storage	Storage	& Transport
c	d	e	f
\$ 3,210,201	\$ 3,146,101	\$ 6,356,302	\$ 18,195,704
\$ 5,062,176	\$ 3,145,481	\$ 8,207,657	\$ 19,962,985
\$ 6,520,392	\$ 3,430,160	\$ 9,950,552	\$ 21,596,859
\$ 6,533,540	\$ 3,430,160	\$ 9,963,700	\$ 21,426,187
\$ 4,009,875	\$ 3,430,160	\$ 7,440,035	\$ 19,140,623
\$ 2,919,933	\$ 3,439,657	\$ 6,359,590	\$ 17,916,603
\$ 2,919,490	\$ 3,439,657	\$ 6,359,147	\$ 17,842,658
\$ 2,918,307	\$ 3,439,657	\$ 6,357,964	\$ 17,314,166
\$ 2,918,457	\$ 3,437,885	\$ 6,356,342	\$ 17,972,992
\$ 2,919,430	\$ 3,437,885	\$ 6,357,315	\$ 18,068,013
\$ 2,933,324	\$ 3,437,885	\$ 6,371,209	\$ 18,085,896
\$ 2,932,967	\$ 3,437,885	\$ 6,370,852	\$ 18,109,347
\$ 45,798,092	\$ 40,652,573	\$ 86,450,665	\$ 225,632,033

PG  
Fixed Transport Storage  
CPIM Year-12  
Nov-2004 - Oct-2005



Table 2-13  
Summary CPIM-12  
Benchmark Fixed Demand Charges and Storage Costs  
November 1, 2004 Through October 31, 2005

<b>Canadian Pipeline Path</b>	
Trans-Canada B.C. System	\$ 11,839,302
Nova Gas Transmission, Ltd.	28,720,064
<b>Sub-total Canada Pipeline Path:</b>	<b>\$ 40,559,366</b>
<b>U.S. Interstate Fixed Transport Costs:</b>	
Gas Transmission Northwest Corp.	\$ 56,644,924
El Paso Natural Gas Company	19,949,353
Transwestern Pipeline Company	22,027,725
<b>Total Interstate Transport Fixed Costs:</b>	<b>\$ 98,622,002</b>
<b>Intrastate Fixed Transport &amp; Storage Costs:</b>	
CGT-Baja Path	\$ 22,174,337
CGT-Redwood Path	23,450,763
CGT-Silverado Path	172,992
<b>Sub-total CGT-Transport Costs</b>	<b>\$ 45,798,092</b>
Add: CGT Fixed Storage Costs:	\$ 40,652,573
<b>Subtotal Intrastate Fixed Transport &amp; Storage:</b>	<b>\$ 86,450,665</b>
 CPIM Year-12 Fixed Transport & Storage Costs	 <b>\$ 225,632,033</b>

TABLE 2-12  
Fixed Demand Transport  
and Storage Costs  
CPIM Year-12

Pacific Gas and Electric Company  
Southwest and California Indices  
CPIM Year-12  
November 1, 2004 - October 31, 2005

Month	Southwest	CGT		City-gate	CGT	Southwest
Year	& CA	Shrinkage	1-(b)	Grossedup	Volumetric	& CA @
	a	b	c	d	Rate	City-gate
Nov-04	\$ 7.31	1.20%	98.80%	\$ 7.40	0.0448	\$ 7.443585
Dec-04	\$ 6.33	1.20%	98.80%	\$ 6.41	0.0448	\$ 6.451683
Jan-05	\$ 5.80	1.20%	98.80%	\$ 5.87	0.0855	\$ 5.955945
Feb-05	\$ 5.73	1.20%	98.80%	\$ 5.80	0.0855	\$ 5.885095
Mar-05	\$ 5.61	1.20%	98.80%	\$ 5.68	0.0855	\$ 5.763638
Apr-05	\$ 6.61	1.20%	98.80%	\$ 6.69	0.0855	\$ 6.775783
May-05	\$ 6.46	1.20%	98.80%	\$ 6.54	0.0855	\$ 6.623962
Jun-05	\$ 5.64	1.20%	98.80%	\$ 5.71	0.0855	\$ 5.794002
Jul-05	\$ 6.33	1.20%	98.80%	\$ 6.41	0.0855	\$ 6.492383
Aug-05	\$ 6.24	1.20%	98.80%	\$ 6.32	0.0855	\$ 6.401289
Sep-05	\$ 8.63	1.20%	98.80%	\$ 8.73	0.0855	\$ 8.820318
Oct-05	\$ 9.76	1.20%	98.80%	\$ 9.88	0.0855	\$ 9.964043

Southwest and CA  
Benchmark Indices  
CPIM Year-12

Pacific Gas and Electric Company  
Kingsgate Index - CPIM-Year-12  
November 1, 2004 - October 31, 2005

Month	Kingsgate	GTNC	Kingsgate	GTNC	Total	CGT	Malin	CGT	Total	Exhibit	PG&E
Year	Index	Fuel %	Index	Volumetric	Index	Fuel %	Index	Volumetric	City-gate	A-3-2	WKPR
	a	b	Grossed Up	Rate	at Malin		Grossed Up	Rate	Index	Kingsgate	Reference
			c	d	e	f	g	h	i	@- citygate	
			a/1-(b)		(c+d)		(e/1-(f))		(g+h)	j	k
Nov-04	7.041485	0.01653642	7.15988385	0.00986198	7.16974583	0.012	7.25682776	0.0313	7.28812776	\$	7.288128 2005-74
Dec-04	6.553022	0.02082364	6.69238175	0.00986198	6.70224373	0.012	6.7836475	0.0313	6.8149475	\$	6.814948 2005-74
Jan-05	5.900733	0.0275607	6.06797051	0.00986198	6.07783249	0.012	6.15165232	0.0514	6.20305232	\$	6.203053 2005-74
Feb-05	5.516475	0.0275607	5.67282194	0.00986198	5.68268392	0.012	5.75170438	0.0514	5.80310438	\$	5.803104 2005-74
Mar-05	5.709056	0.02082364	5.83046756	0.00986198	5.84032954	0.012	5.91126471	0.0514	5.96266471	\$	5.962665 2005-74
Apr-05	6.278962	0.01776134	6.39250139	0.00986198	6.40236337	0.012	6.48012487	0.0514	6.53152487	\$	6.531524 2005-74
May-05	6.342190	0.01347412	6.42881259	0.00986198	6.43867457	0.012	6.5168771	0.0514	6.5682771	\$	6.568278 2005-74
Jun-05	5.919694	0.01102428	5.98568183	0.00986198	5.99554381	0.012	6.06836418	0.0514	6.11976418	\$	6.119764 2005-74
Jul-05	6.287289	0.01959872	6.41297510	0.00986198	6.42283708	0.012	6.50084725	0.0514	6.55224725	\$	6.552247 2005-74
Aug-05	6.609982	0.0183738	6.73370576	0.00986198	6.74356774	0.012	6.82547342	0.0514	6.87687342	\$	6.876874 2005-74
Sep-05	8.410444	0.01592396	8.54653874	0.00986198	8.55640072	0.012	8.66032462	0.0514	8.71172462	\$	8.711725 2005-74
Oct-05	10.099031	0.0122492	10.22427013	0.00976198	10.23403211	0.012	10.3583321	0.0514	10.4097321	\$	10.409732 2005-74

Exhibit A-5-1-Kingsgate agrees

(1) CGPR AECO C Monthly Index + BC System As-available rate

PG&E WP 2005-50

Computation  
Kingsgate Index  
CPIM Year-12

Pacific Gas and Electric Company  
Malin Index- (AECO) CPIM Year-12  
November 1, 2004 Through October 31, 2005

Mo.	AECO	Conversion (3)	Gross-up	Monthly	AECO	Total	Kings-gate	GTNC	Total	Malin	CGT	Total	PG&E
YR.	Index (1)	of AECO	ANG	Index	Exchange	Index	Index	Index	Index	Index	Index	City-gate	WP 2005-75
2004	Can \$GJ	Can\$/MMBt	Fuel %	Gross-up	Can-\$'s	to U.S.	ANG	Gate	GTNC	Gross-up	Volumetric	Malin	Exhibit
2005		1.055056	(b)/1- (c)	U.S. \$'s	S's	Rate	Index	Fuel %	(h)/ (1-(i))	Rate	Index	Per Dth	AECO
	a	b	c	d	e	f	g	h	i	j	k	l	Malin
Nov-04	7.587000	8.0047099	0.0089120	8.076689	1.184834	6.8167265	0.004675526	6.82140203	0.01653642	6.936100295	0.00986198	6.945962275	7.061625
Dec-04	7.171700	7.5665451	0.0130500	7.666594	1.210654	6.3326055	0.003083759	6.33568925	0.02082364	6.470427095	0.00986198	6.480289075	6.590280
Jan-05	6.587400	6.9500759	0.0140050	7.048794	1.237195	5.6973996	0.000000000	5.69739957	0.02756070	5.858874243	0.00986198	5.868736223	5.991416
Feb-05	6.164400	6.5037872	0.0110340	6.576351	1.237593	5.3138234	0.000000000	5.31382341	0.02756070	5.464426842	0.00986198	5.474288822	5.592177
Mar-05	6.267200	6.612247	0.0110340	6.686021	1.215096	5.5024628	0.000000000	5.50246278	0.02082364	5.619480825	0.00986198	5.629342805	5.749115
Apr-05	7.090300	7.4806636	0.0120950	7.572250	1.245982	6.0773349	0.000000000	6.07733492	0.01776134	6.187228388	0.00986198	6.197090368	6.323759
May-05	7.277700	7.6783811	0.0079580	7.739976	1.25989	6.1433742	0.000000000	6.14337425	0.01347412	6.227281382	0.00986198	6.237143362	6.364298
Jun-05	6.608700	6.9725486	0.0079580	7.028481	1.229619	5.71598295	0.000000000	5.71598295	0.01102428	5.779699982	0.00986198	5.789561962	5.911280
Jul-05	7.016400	7.4026949	0.0891200	7.469261	1.227898	6.08296536	0.000000000	6.08296536	0.01959872	6.20456693	0.00986198	6.214428910	6.341309
Aug-05	7.176900	7.5720314	0.0891200	7.640120	1.193802	6.39982175	0.000000000	6.39982175	0.01837380	6.519611789	0.00986198	6.529473769	6.660179
Sep-05	9.048900	9.5470962	0.0594200	9.604164	1.171701	8.19677034	0.000000000	8.19677034	0.01592396	8.329407488	0.00986198	8.339269468	8.491956
Oct-05	10.937300	11.539464	0.0689700	11.619604	1.17542	9.88549114	0.000000000	9.88549114	0.01224920	10.00808214	0.00976198	10.017844123	10.190921

- (1) AECO Index (Canadian Enerdata 30-day baseload Index at AECO C).  
(2) this is the Canadian exchange rate at date of settlement.  
(3) a conversion rate of 1.055056 is used.  
(4) ANG discontinued the firm variable rate component as of January 1, 2005.

Malin ( AECO))  
Index  
Calculation  
CPIM Year-12

Pacific Gas and Electric Company  
Permian Index-CPIM Year-12  
November 1, 2004 Through October 31, 2005

Month Year	Permian Index	EPNG Fuel %	Permian Index	EPNG Volumetric Rate	Permian Index	CGT Fuel %	Permian Index	Baja CGT	Total City-gate	Exhibit
2004-2005	( 1 )		Gross-up (a) / 1- (c)	Per Dth	Gross-up to Topock		Gross-up (e)/1-(f)	Cost Per Dth	Index g + h	A-3-2 Proof
	a	b	c	d	e	f	g	h	i	j
Nov-04	\$ 6.94	0.0320	7.169421	0.0374	7.206821	0.0120	7.2943537	0.0448000	7.3391537	\$ 7.339153
Dec-04	6.17	0.0320	6.373967	0.0374	6.411367	0.0120	6.4892378	0.0448000	6.5340378	6.534038
Jan-05	5.58	0.0327	5.768634	0.0378	5.806434	0.0120	5.8769578	0.0855000	5.9624578	5.962458
Feb-05	5.53	0.0327	5.716944	0.0378	5.754744	0.0120	5.8246397	0.0855000	5.9101397	5.910140
Mar-05	5.54	0.0327	5.727282	0.0378	5.765082	0.0120	5.8351034	0.0855000	5.9206034	5.920603
Apr-05	6.37	0.0327	6.585341	0.0378	6.623141	0.0120	6.7035836	0.0855000	6.7890836	6.789084
May-05	6.27	0.0327	6.481960	0.0378	6.519760	0.0120	6.5989475	0.0855000	6.6844475	6.684447
Jun-05	5.66	0.0327	5.851339	0.0378	5.889139	0.0120	5.9606668	0.0855000	6.0461668	6.046167
Jul-05	6.71	0.0327	6.936834	0.0378	6.974634	0.0120	7.0593466	0.0855000	7.1448466	7.144846
Aug-05	6.76	0.0327	6.988525	0.0378	7.026325	0.0120	7.1116647	0.0855000	7.1971647	7.197165
Sep-05	8.61	0.0327	8.901065	0.0378	8.938865	0.0120	9.0474340	0.0855000	9.1329340	9.132934
Oct-05	9.80	0.0327	10.131293	0.0378	10.168993	0.0120	10.2925030	0.0855000	10.3780030	10.378003

(1) Per Inside FERC Publication

Permian Index  
Calculation  
CPIM Year-12

**Pacific Gas and Electric Company**  
**San Juan Index - CPIM Year-12**  
**November 1, 2004 through October 31, 2005**

Month	San Juan	TW	San Juan	TW	San Juan	TW	San Juan	TW	San Juan	San Juan	San Juan	Baja	Total	EXB
Year	Index (1)	Contract	Index (1)	Volumetric	Gross up	Contract	Index (1)	Volumetric	Gross up	Index (1)	Index (1)	CGT	City-	A-5-1
		No.21175		Rate	To Thoreau	No.21175		Rate	To Topock				gate	Index
			(a)/1-(b)	Per Dth	© + (d)	Fuel %		(e)/1-(f)	(g) + (h)			Fuel	Index	
	a	b	c	d	e	f	g	h	i	j	k	l	m	
Nov-04	\$ 6.9000	0.0025	6.917293233	0.0011	6.918393233	0.0450	7.24439082	0.0193	7.26369082	0.01200	7.351913785	0.0448	7.396713785	7.396714
Dec-04	\$ 5.9500	0.0025	5.964912281	0.0011	5.966012281	0.0450	6.247133278	0.0193	6.266433278	0.01200	6.342543804	0.0448	6.387343804	6.387344
Jan-05	\$ 5.6700	0.0025	5.684210526	0.0011	5.685310526	0.0450	5.95320474	0.0193	5.97250474	0.01200	6.045045283	0.0855	6.130545283	6.130546
Feb-05	\$ 5.4300	0.0025	5.443609023	0.0011	5.444709023	0.0450	5.701265992	0.0193	5.720565992	0.01200	5.790046551	0.0855	5.875546551	5.875547
Mar-05	\$ 5.2100	0.0025	5.223057644	0.0011	5.224157644	0.0450	5.47032214	0.0193	5.48962214	0.01200	5.556297713	0.0855	5.641797713	5.641799
Apr-05	\$ 6.2100	0.0025	6.22556391	0.0011	6.22666391	0.0450	6.520066921	0.0193	6.539366921	0.01200	6.61879243	0.0855	6.70429243	6.704293
May-05	\$ 6.3000	0.0025	6.315789474	0.0011	6.316889474	0.0450	6.614543952	0.0193	6.633843952	0.01200	6.714416955	0.0855	6.799916955	6.799916
Jun-05	\$ 5.3800	0.0025	5.393483709	0.0011	5.394583709	0.0450	5.648778753	0.0193	5.668078753	0.01200	5.736921815	0.0855	5.822421815	5.822422
Jul-05	\$ 6.0500	0.0025	6.065162907	0.0011	6.066262907	0.0450	6.352107756	0.0193	6.371407756	0.01200	6.448793276	0.0855	6.534293276	6.534294
Aug-05	\$ 5.9700	0.0025	5.984962406	0.0011	5.986062406	0.0450	6.268128174	0.0193	6.287428174	0.01200	6.363793698	0.0855	6.449293698	6.449294
Sep-05	\$ 8.0300	0.0025	8.050125313	0.0011	8.051225313	0.0450	8.430602422	0.0193	8.449902422	0.01200	8.552532816	0.0855	8.638032816	8.638032
Oct-05	\$ 9.5200	0.0025	9.543859649	0.0011	9.544959649	0.0450	9.994722146	0.0192	10.01392215	0.01200	10.13554873	0.0855	10.22104873	10.221050

(1) Per Inside FERC Publication

San Juan Index  
Calculation  
CPIM Year-12

Pacific Gas and Electric Company  
Gas Procurement CPIM Year-12 Calculation  
Schedule of Core Supply Portfolio Composition  
November 1, 2004 through October 31, 2005

Month	Gas Supply Purchases in Dth (1)			
Year				
2004-2005	SW	BL	MM	Totals
Nov-04	2,573,965	9,198,250	19,141,211	30,913,426
Dec-04	3,174,943	13,094,623	20,910,649	37,180,215
Jan-05	7,424,073	12,401,685	20,963,096	40,788,854
Feb-05	5,894,328	9,823,499	19,671,608	35,389,435
Mar-05	2,919,761	5,960,153	20,949,927	29,829,841
Apr-05	3,325,828	7,354,762	16,142,934	26,823,524
May-05	1,327,728	7,150,176	16,672,455	25,150,359
Jun-05	2,629,308	6,079,350	14,193,133	22,901,791
Jul-05	2,902,820	3,852,192	14,666,238	21,421,250
Aug-05	2,705,096	3,773,050	14,666,238	21,144,384
Sep-05	2,653,855	4,067,867	14,193,133	20,914,855
Oct-05	2,147,397	7,206,090	14,666,238	24,019,725
Totals:	39,679,102	89,961,697	206,836,860	336,477,659

SW Swing, or Daily spot, less than one month duration  
BL Baseload, one month duration  
MM Multi-Month, longer than one month duration

CPIM	Purchase	Sales	Net
Year-12	Volumes	Volumes	Volumes
2004-2005	336,477,659	32,578,845	303,898,813

Average Price, .U. S. \$'s

SW	BL	MM	Totals	SW	BL	MM	Totals
6.08	6.96	6.81	6.80	8%	30%	62%	100%
6.56	6.21	6.14	6.20	9%	35%	56%	100%
5.76	5.70	5.64	5.68	18%	30%	51%	100%
5.68	5.46	5.32	5.42	17%	28%	56%	100%
6.43	5.46	5.36	5.48	10%	20%	70%	100%
6.88	6.13	6.09	6.20	12%	27%	60%	100%
5.79	6.23	6.17	6.16	5%	28%	66%	100%
5.80	5.56	5.72	5.68	11%	27%	62%	100%
6.13	6.11	6.08	6.09	14%	18%	68%	100%
7.62	6.40	6.39	6.55	13%	18%	69%	100%
9.33	8.05	8.20	8.31	13%	19%	68%	100%
10.70	9.65	9.88	9.89	9%	30%	61%	100%

Core Supply Portfolio  
CPIM Year-12  
Calculation  
NOV-2004 Oct-2005

Pacific Gas and Electric Company  
Pipeline Capacity Utilization- GT-NW; EPNG, Transwestern Pipeline  
November 1, 2004 Through October 31, 2005

1. Gas Transmission Northwest Corporation							
Year Month 2004-2005	Daily Volumes	Days in Month	Contract Capacity	Assigned Capacity (1)	Net Contract Capacity	Actual Gas Received At Malin	Percent % of Utilization
	a	b	c	d	e	f	
Nov-04	609,968	30	18,299,040	334,650	17,964,390	17,680,794	98.42%
Dec-04	609,968	31	18,909,008	354,051	18,554,957	18,526,113	99.84%
Jan-05	609,968	31	18,909,008	360,189	18,548,819	18,441,376	99.42%
Feb-05	609,968	28	17,079,104	329,644	16,749,460	16,700,854	99.71%
Mar-05	609,968	31	18,909,008	367,691	18,541,317	18,515,427	99.86%
Apr-05	609,968	30	18,299,040	1,278,570	17,020,470	16,974,556	99.73%
May-05	609,968	31	18,909,008	1,330,427	17,578,581	17,505,307	99.58%
Jun-05	609,968	30	18,299,040	1,307,160	16,991,880	16,718,199	98.39%
Jul-05	609,968	31	18,909,008	1,351,011	17,557,997	17,280,841	98.42%
Aug-05	609,968	31	18,909,008	1,351,941	17,557,067	16,467,114	93.79%
Sep-05	609,968	30	18,299,040	1,312,920	16,986,120	15,427,675	90.83%
Oct-05	609,968	31	18,909,008	1,358,978	17,550,030	16,048,515	91.44%
			222,638,320	11,037,232	211,601,088	206,286,771	97.49%

Note 1

Includes Core Transport Agent (CTA) Capacity and CTA Turned-back resold to 3rd parties.

2. El Paso Natural Gas Company							
Year Month 2004-2005	Daily Volumes	Days in Month	Contract Capacity	Assigned Capacity (1)	Net Contract Capacity	Actual Gas Received At Malin	Percent % of Utilization
	a	b	c	d	e	f	
Nov-04	203,532	30	6,105,960	812,460	5,293,500	4,140,642	78.22%
Dec-04	203,532	31	6,309,492	-	6,309,492	5,055,477	80.12%
Jan-05	203,532	31	6,309,492	-	6,309,492	6,302,368	99.89%
Feb-05	203,532	28	5,698,896	-	5,698,896	5,681,425	99.69%
Mar-05	203,532	31	6,309,492	-	6,309,492	5,988,769	94.92%
Apr-05	203,532	30	6,105,960	-	6,105,960	5,342,997	87.50%
May-05	203,532	31	6,309,492	-	6,309,492	5,427,526	86.02%
Jun-05	203,532	30	6,105,960	-	6,105,960	3,884,226	63.61%
Jul-05	204,600	31	6,342,600	1,395,000	4,947,600	2,493,186	50.39%
Aug-05	204,600	31	6,342,600	2,802,462	3,540,138	2,711,393	76.59%
Sep-05	204,600	30	6,138,000	2,712,060	3,425,940	3,321,570	96.95%
Oct-05	204,600	31	6,342,600	1,479,165	4,863,435	4,798,103	98.66%
			74,420,544	9,201,147	65,219,397	55,147,682	84.56%

Pipeline Capacity Utilization  
GT-NW corp  
EPNG  
TW



3. Transwestern Pipeline Company							
Year Month 2004-2005	Daily Volumes	Days in Month	Contract Capacity	Assigned Capacity (1)	Net Contract Capacity	Actual Gas Received At Malin	Percent % of Utilization
	a	b	c	d	e	f	
Nov-04	150,000	30	4,500,000	-	4,500,000	4,497,398	99.94%
Dec-04	150,000	31	4,650,000	-	4,650,000	4,602,479	98.98%
Jan-05	150,000	31	4,650,000	-	4,650,000	4,650,000	100.00%
Feb-05	150,000	28	4,200,000	-	4,200,000	4,195,238	99.89%
Mar-05	150,000	31	4,650,000	1,010,000	3,640,000	2,600,890	71.45%
Apr-05	150,000	30	4,500,000	4,200,000	300,000	93,968	31.32%
May-05	150,000	31	4,650,000	1,240,000	3,410,000	33,541	0.98%
Jun-05	150,000	30	4,500,000	1,500,000	3,000,000	-	0.00%
Jul-05	150,000	31	4,650,000	2,418,000	2,232,000	60,025	2.69%
Aug-05	150,000	31	4,650,000	4,650,000	-	-	0.00%
Sep-05	150,000	30	4,500,000	4,500,000	-	-	0.00%
Oct-05	150,000	31	4,650,000	4,030,000	620,000	-	0.00%
			54,750,000	23,548,000	31,202,000	20,733,539	66.45%

Pipeline Capacity Utilization  
GT-NW corp  
EPNG  
TW

Pacific Gas and Electric Company  
Core Procurement Overview- CPIM Year-12  
Actual Cost Detail for PGA Balancing Account Reconciliation  
November 1, 2004 -October 31, 2005

														Commodity
Year 2004-2005	Actual Cost Detail	Actual Cost Detail	Actual Cost Detail	Actual Cost Detail	Actual Cost Detail	Actual Cost Detail	Actual Cost Detail	Actual Cost Detail	Actual Cost Detail	Actual Cost Detail	Actual Cost Detail	Actual Cost Detail	Actual Cost Detail	Actual Costs
CPIM Costs	Nov-04	Dec-04	Jan-05	Feb-05	Mar-05	Apr-05	May-05	Jun-05	Jul-05	Aug-05	Sep-05	Oct-05		
Baja Path	\$ 69,021,105	\$ 101,521,875	\$ 118,107,106	\$ 100,230,439	\$ 55,739,053	\$ 35,761,545	\$ 35,664,526	\$ 23,572,827	\$ 16,381,930	\$ 21,010,643	\$ 29,465,135	\$ 48,152,619	\$ 654,628,803	
Mission Path	10,657,915	8,236,283	4,862,871	-	2,730,967	24,041,791	8,667,581	5,771,290	6,348,859	6,595,095	8,574,311	13,611,480	100,098,443	
Redwood Path	130,183,685	123,121,756	112,887,520	94,187,105	106,775,167	108,172,178	112,614,763	101,928,786	109,141,653	111,612,993	136,831,868	177,197,846	1,424,655,320	
Silverado Path	26,253	23,039	10,121	8,938	8,347	8,376	10,794	5,950	6,127	5,812	6,620	9,533	129,910	
Sub-total	\$ 209,888,958	\$ 232,902,953	\$ 235,867,618	\$ 194,426,482	\$ 165,253,534	\$ 167,983,890	\$ 156,957,664	\$ 131,278,853	\$ 131,878,569	\$ 139,224,543	\$ 174,877,934	\$ 238,971,478	\$ 2,179,512,476	
Commodity Sales	(2,250,566)	(13,880,378)	(5,076,254)	(45,858,042)	(23,720,216)	(1,827,880)	(14,596,382)	(18,484,876)	(22,141,711)	(29,130,208)	(21,762,431)	(34,778,306)	\$ (233,507,250)	
Miscellaneous Costs	244,575	7,851	4,349	6,766	(4,627)	7,254	22,275	1,986	4,025	2,043	(865)	6,746	302,378	
Storage Costs													-	
Option-Premiums	-	2,817,498	2,817,498	2,817,498	781,280	-	-	-	-	-	-	-	9,233,774	
F/F Swap Settlements	-	-	-	-	(1,062,650)	-	-	-	-	-	-	-	(1,062,650)	
Total Commodity:	\$ 207,882,967	\$ 221,847,924	\$ 233,613,210	\$ 151,392,704	\$ 141,247,322	\$ 166,163,265	\$ 142,383,557	\$ 112,795,963	\$ 109,740,883	\$ 110,096,378	\$ 153,114,638	\$ 204,199,918	\$ 1,954,478,728	

**PG&E Overview:** \$ 1,954,478,728

Actual Comodity Costs  
for  
PGA  
Reconciliation  
CPIM Year-12

Pacific Gas and Electric Company  
Summary of Volumetric Transportation Costs by Pipeline Path  
CPIM Year-12  
November 1, 2004 Through October 31, 2005

Month	November	December	January	February	March	April	May	June	July	August	September	October	Totals
Year	2004	2004	2005	2005	2005	2005	2005	2005	2005	2005	2005	2005	Volumetric
Baja Path	700,323	\$ 965,165	\$ 2,103,303	\$ 1,660,375	\$ 1,076,664	\$ 742,900	\$ 682,271	\$ 444,732	\$ 250,005	\$ 280,737	\$ 332,753	\$ 498,395	\$ 9,737,623
Redwood path	1,012,926	888,185	1,136,107	1,028,040	1,136,800	1,042,343	1,075,156	1,033,835	1,044,919	985,462	957,031	1,013,915	12,354,719
Mission Path													-
Silverado Path	108	75	196	38	86	67	67	89	47	25	47	49	894
Totals:	1,713,357	1,853,425	3,239,606	2,688,453	2,213,550	1,785,310	1,757,494	1,478,656	1,294,971	1,266,224	1,289,831	1,512,359	\$ 22,093,236

Exhibit A-2      \$ 22,093,236

Volumetric Transportation  
Costs By Pipeline Path  
CPIM-12

**TABLE 2-4**  
**CPIM Year-12**  
**Reconciliation: CPIM Year-12 to PGA Balance Account**

<b>CPIM Costs</b>	<b>Commodity</b>	<b>Volumetric</b>	<b>Deduct</b>	<b>Add</b>	<b>CPIM</b>
<b>Commodity Purchases:</b>	<b>Purchase</b>	<b>Transport</b>	<b>October 2004</b>	<b>October 2005</b>	<b>Year-12</b>
<b>EPNG, Kern river, Transwestern</b>					
Basin:	\$ 507,002,912	\$ 1,607,541	\$ -	\$ -	\$ 508,610,453
Transmission Line	131,103,300	8,142,664	-	-	139,245,964
GTNC & NGTL (Redwood Path)					
Transmission Line	1,390,783,564	12,354,719	-	-	1,403,138,283
Citygate (Mission Path)	(105,106,781)	(12,600)	-	-	(105,119,381)
California Producers	128,998	912	-	-	129,910
Miscellaneous Costs (Credits)	342,991	(40,613)	-	-	302,378
Fixed & Floating Swaps:	(1,062,650)	-	-	-	(1,062,650)
Option Premiums	9,233,774	-	-	-	9,233,774
Round:				(3)	(3)
<b>Commodity Costs Year-12</b>	<b>\$ 1,932,426,108</b>	<b>22,052,623</b>	<b>\$ -</b>	<b>\$ (3)</b>	<b>\$ 1,954,478,728</b>
<b>S &amp; P Journal Entries:</b>					
Account 5500000	\$ 136,422	\$ -	\$ (662)	\$ (6,760)	\$ 129,000
Account 5500010	508,705,352	-	(530,186)	150	508,175,316
Account 5500021	1,524,048,036	-	(3,323,709)	(80,979)	1,520,643,348
Account 5500041	(105,146,453)	-	(672,465)	1,137,730	(104,681,188)
Account 5500095	-	-	-	-	-
Account 5500055	-	22,052,766	786	(7,971)	22,045,581
Account 5500056	-	(11,677)	11,677	-	-
A/C 5500033-Oct 2004 Options	7,681,890				7,681,890
A/C 5500033-Nov.2004 Options	1,551,883				1,551,883
A/C 5500034 F&F Options	(1,062,650)				(1,062,650)
Demand Fees (2)	(269,000)				(269,000)
A/C 5500010 Prior Period Adj.	742,236				742,236
Round:					(3)
<b>PGA Balance Account:</b>	<b>\$ 1,936,387,716</b>	<b>\$ 22,041,089</b>	<b>\$ (4,514,559)</b>	<b>\$ 1,042,170</b>	<b>\$ 1,954,956,413</b>
<b>Option Costs not CPIM:</b>					
Timing Difference:	\$ 3,961,608	\$ 11,534	\$ 4,514,559	\$ (1,042,170)	\$ 477,685

Reconciliation  
PGA Balance Account  
to CPIM Year-12

TABLE 2-5  
Core-Fixed Cost Expense Reconciliation - CPIM Year-12  
CPDCA Demand Account/ CPIM Year 12  
November 1, 2004 through October 31, 2005

2004-2005					Total
Demand Charge Pipeline	Demand Charges Per CPIM	Add Back Oct-04 True-up	Subtract Oct-05 True-up		CPIM-12
Trans-Canada B.C. System	\$ 11,970,542			\$	11,970,542
California Gas Transmission	85,462,060				85,462,060
El Paso Natural Gas Company	19,172,987				19,172,987
Nova Gas Transmission, Ltd.	28,066,905				28,066,905
Gas Transmission Northwest Corp.	54,997,481				54,997,481
Transwestern Pipeline Company	20,537,535				20,537,535
<b>Total Demand Charges:</b>	<b>\$ 220,207,510</b>			<b>\$</b>	<b>220,207,510</b>
<b>SAP Journal Entries</b>					
Account 5500065	\$ 179,178,046	\$ 197,552	\$ (309,317)	\$	179,066,281
Account 5500066	(23,042)	1,063	-		(21,979)
Account 5500067 Firm Storage Cost	40,683,373	-	-		40,683,373
Account 5500065 Prior Period Adj:	250,819	-	-		250,819
<b>Total CPDCA</b>	<b>\$ 220,089,196</b>	<b>\$ 198,615</b>	<b>\$ (309,317)</b>	<b>\$</b>	<b>219,978,494</b>
<b>Timing Difference:</b>	<b>\$ 118,314</b>	<b>\$ 198,615</b>	<b>\$ (309,317)</b>	<b>\$</b>	<b>229,016</b>
Note 1					
<b>PG&amp;E Overview-Table II</b>					
<b>\$220,207,510</b>					
<b>DRA Exb A-4-2</b>					
<b>\$ 220,207,510</b>					

Note 1: Estimates not yet adjusted or trued-up by Corporate Accounting (PG&E)

Reconciliation  
Core-Fixed cost Expense  
to  
CPIM Year-12

Pacific Gas and Electric Company  
Confirmation of Storage Physical Inventory Volumes  
for the CPIM Year-12, CPIM Year-11 & CPIM Year-10

Month Year	Storage Beginning Inventory MMBtus	Month Year	Storage Ending Inventory MMBtus	CPIM Annual Period
November 1, 2001	32,518,592	October 31, 2002	33,084,608	Year-9
November 1, 2002	33,084,608	October 31, 2003	33,163,977	Year-10
November 1, 2003	33,163,977	October 31, 2004	33,149,956	Year-11
November 1, 2004	33,149,956	October 31, 2005	33,280,590	Year-12

Confirmed  
Physical Inventory Volumes  
CPIM Years-9-10 -11 12

Pacific Gas and Electric Company  
Summary of Storage Injections and Withdrawals  
CPIM Year-12  
November 1, 2004 through October 31, 2005

Month	Predetermined Storage		Net	Physical
Year	Injections	Withdrawals	Injection	Inventory
	MMBtus	MMBtus	(Withdrawals	In MMBtus
31-Oct-04				33,149,956
Nov-04		(1,711,875)		31,438,081
Dec-04		(10,817,238)		20,620,843
Jan-05		(11,371,704)		9,249,139
Feb-05		(5,454,000)		3,795,139
Mar-05		(979,136)		2,816,003
Apr-05	4,116,999			6,933,002
May-05	5,996,000			12,929,002
Jun-05	4,875,528			17,804,530
Jul-05	4,678,000			22,482,530
Aug-05	4,698,353			27,180,883
Sep-05	3,740,000			30,920,883
Oct-05	2,359,707			33,280,590
Totals	30,464,587	(30,333,953)	130,634	
Storage Inventory		10/31/2003	33,149,956	
Net Injections			130,634	
Storage Inventory		10/31/2004	33,280,590	

Schedule of  
Storage Inventory  
Injections Withdrawals  
CPIM year-12